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WORLD MARITIME UNIVERSITY

Malmö, Sweden

**POLICY CONSIDERATIONS OF
A GOVERNMENT RELATIVE TO
PORTS AND SHIPPING EFFICIENCY
A GUYANESE PERSPECTIVE**

By

IVOR BURNETT ENGLISH

The Co-operative Republic of Guyana

A dissertation submitted to the World Maritime University in partial
fulfilment of the requirements for the award of the degree

MASTER OF SCIENCE

in

GENERAL MARITIME ADMINISTRATION

1993

I certify that all the material in this dissertation which is not my own has been identified and that no material is included for which a degree has been previously conferred on me.

The contents of this dissertation reflect my personal views and are not necessarily endorsed by the University.

Ivor B. English


Ivor Burnett English

15 October 1993

Supervised by:

Patrick M. Alderton

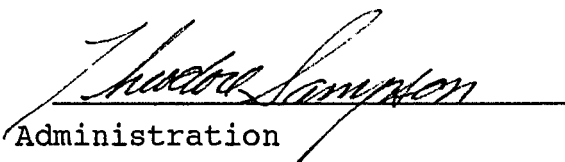
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THIS STUDY IS DEDICATED
TO

MY CHILDREN
ELVIN, DAHLIA AND JEWEL

ABSTRACT

The driving force which has influenced the author's ideas and has led to the formulation of a strategy for the analysis of the central issues relative to operational efficiency of ports and shipping in the Co-operative Republic of Guyana must be viewed from two main perspectives. Firstly, the policies which influenced port management and transport development generally could be considered as legacies of the British colonial system. Essentially, whatever policies exist as they relate to transport and shipping were introduced in 1937, and little was done to seriously ascertain the relevance of these policies to the current socio-economic and political objectives of Guyana.

It is pretty obvious that the existing policies which were introduced by the British to foster their mercantilist interest, need significant modifications in keeping with rapid changes which have taken place in the global shipping industry over the past four decades. It is therefore, vitally necessary for managerial policies to be carefully enacted and the port and shipping objectives modified to enhance the economic development of the country.

The (second) perspective which needs to be considered is the fact that from 1970 to 1985 Guyana was following an economic development model which epitomized the planned

market economy. Within the framework of national development was the promotion of a policy of government control of shipping and ports, since these were considered to be quintessential to the process of economic development. The government was not only concerned with infrastructural development, but it operated the ports and directed shipping activities generally, through the External Trade Bureau (ETB), a government agency with certain mandatory powers.

With the rapid movement from a planned economy to a free market economy in Guyana there is urgent need for the shipping policy to be updated and a port development model implemented that will reflect the economic objectives of the state and at the same time meet the demands of the regional and international shipping environment. Therefore these pressing issues have motivated the author to undertake this project which aims at the development of an appropriate port development model after making a comparative analysis of the privately operated port system and the controlled port system.

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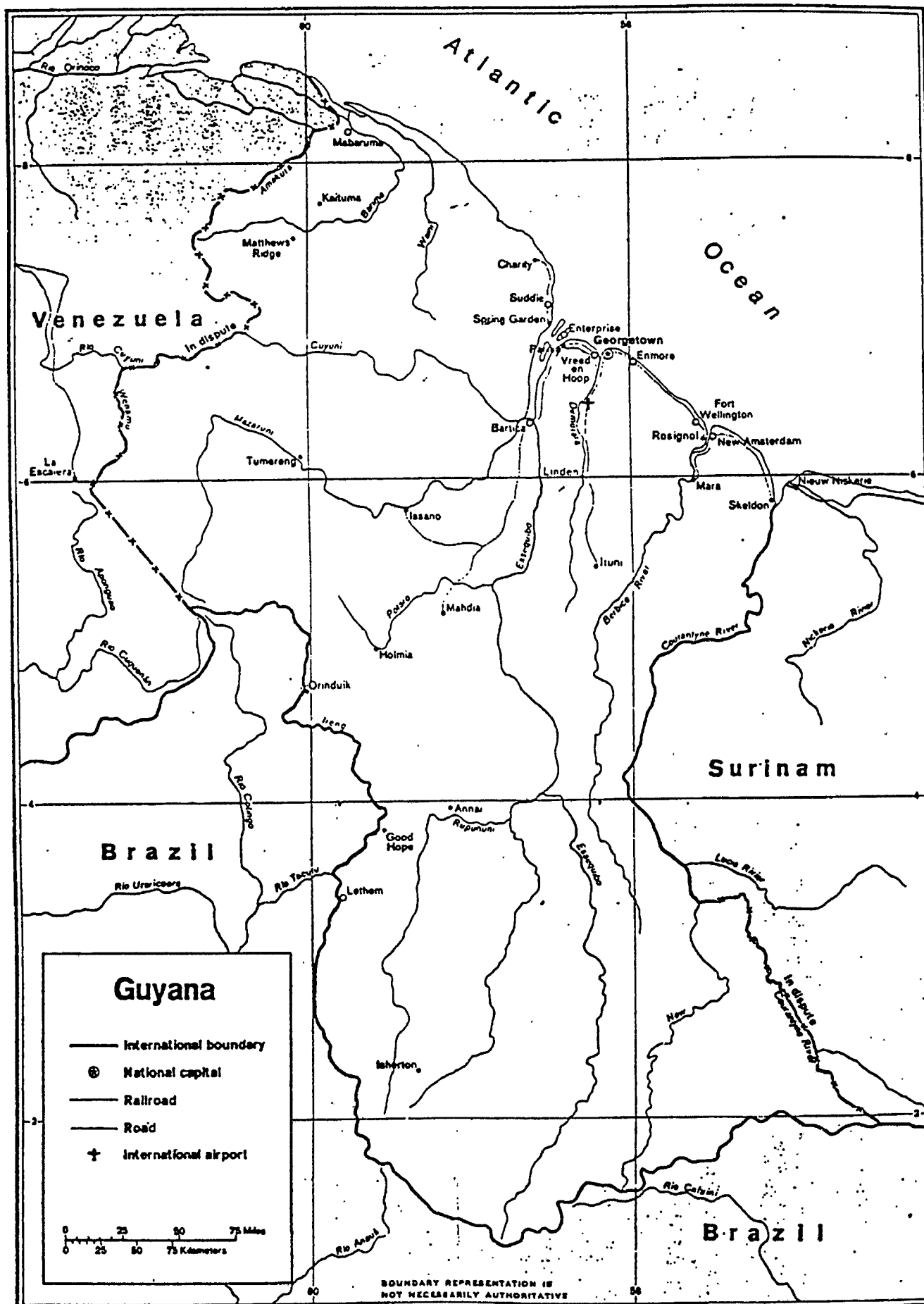
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LIST OF ABBREVIATIONS

BGLU	-	British Guiana Labour Union
BIDCO	-	Bauxite Industry Development Company
CARICOM	-	Caribbean Community
ETB	-	External Trade Bureau
GDP	-	Gross Domestic Product
GNEC	-	Guyana National Engineering Co-operation
GT & T	-	Guyana Telecommunications and Transmission
IMF	-	International Monetary Fund
PSA	-	Ports and Shipping Administration
SIMAP	-	Social Impact Amelioration Program
T & HD	-	Transport and Harbours Department
WISCO	-	West Indies Shipping Corporation

UYANA



CHAPTER ONE

INTRODUCTION

PURPOSE OF THE RESEARCH

In light of the fact that the development of transport systems in general and port development strategies in particular, could be considered a blessing in Guyana, the many problems that are associated with these activities cannot be ignored. The Author is very optimistic that this research will be of immense value to him as a maritime administrator as well as to the maritime division of his country, since the primary focus is on forms of administration and the examination of models of port development which could be modified to suit the prevailing socio-economic conditions in Guyana. This is projected with the underlining view in mind that each country should implement policies and establish port development models that suit its own domestic situation: the major focus of course being placed on the utilization of the most cost effective measures and the realization of efficiency in their operations.

What!
Start

METHODOLOGY

The methodology applied in this research project significantly influenced the quality of the project and determined the extent to which the major objectives were

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realized. It has allowed for the acquisition and analysis of data pertinent for drawing appropriate conclusions and to the making of recommendations relative to the value of implementation of a proposed model. The method applied took the following form:

- (1) Primary data was collected based on informal interviews and questionnaires.
- (2) The method of participant observation was fully utilized, In this case, for the writer did not only draw on his experience in the maritime sector of his country, but he also made full use of his directed field research and other field study opportunities to obtain first hand information based on the management and operations of ports and other related organizations.
- (3) Secondary data was collected from books, journals, magazines and periodicals. This was done with a view to summarize and analyze relevant information on the various concepts addressed in the table of contents.
- (4) Charts, and tables have been used to quantify and rationalize the various elements which bespeak efficiency and the general scope of operations necessary for adoption in a port development model. These have been carefully analyzed allowing for conclusions to be drawn after the requisite evaluations were made.

BACKGROUND TO THE STUDY

Guyana is a coastal state that is part of the continent of South America and a member of the Caribbean Community (CARICOM) which was established on 4 July 1973. Membership in this Community could be considered to have both historical and contemporary significance. Like the other members of CARICOM Guyana was once a British colony that was cradled through the vagaries of the Plantation System familiar with Slavery and Indentureship which characterized the Caribbean Region for approximately three centuries.

As a means of promoting British mercantilist trade it is understandable that the ports which were established in British Guiana were organized ostensibly for that cause. These were Georgetown, at the estuary of the Demerara River, New Amsterdam in the Berbice River, and Linden sixty five miles up the Demerara River. This kind of arrangement facilitated the easy accessibility of primary products from, Guyana given the fact that the country is divided into three counties Essequibo Demerara and Berbice.

The upper river port of Linden is important for transshipment of bauxite which is the major product in that area known as Guyana's mining town. The port of New Amsterdam is also associated with the transshipment of bauxite from Ituni which is another mining area in the Hilly sand and clay belt of Guyana a country that is rich in mineral deposits such as gold, diamonds, bauxite,

uranium and manganese and is comprised of four distinct physical regional variations, the Low Coastal Plain, the Hilly Sand and Clay Belt, the Interior Savannahs and the Highland region.

The New Amsterdam/Ituni water way along the Berbice River, is suited to vessels of up to 8-foot draught, requiring about twenty hours travel time in a 7-knot vessel..

Georgetown happens to be Guyana's main port since it is located in the capital City of Guyana. This is therefore, Guyana's main transshipment area and it is connected by roads and water ways to all parts of Guyana. Connections by road are extremely important since 80% of Guyana's population of 750,000, live on the low coastal plain which is ten miles wide and 216 Km long, an area that is the smallest of the four physical regions of Guyana.

THE DEVELOPMENT OF TRANSPORT POLICY IN GUYANA

By virtue of the fact that Guyana has only gained her Independence from Britain in 1966, it is obvious that elements of the British system of transport policy and port operational techniques will persist to this day. However, there has been no formal coherent transport policy in Guyana since the colonial era. It is therefore, this situation which has influenced the writer to trace the developments which are associated with any

semblance of policy formulation over the years of national transport management.

"It is widely recognized that an efficient transport system is vital for the development of the economy of a country. Transport is an important ingredient of the spatial economy, linking residence of different regions and countries permitting the specialization in production and the social and the cultural interaction so essential for growth and development of the people" [1].

With the above view being succinctly expressed on the importance of transportation, any policy implemented by Guyana over the years must have of necessity focussed on transport management and development in a general sense. That is to say all forms of transport administration whether road, air or water were oriented towards social and economic development in the country. Consequently, in Guyanese society, there has always been a minister with responsibility for Transport ever since Guyana became an independent nation and wrote her own constitution as a sovereign state.

In response to this conception there has been varied perceptions and articulations. Some pundits argue that Government control of transport is merely a legacy of the colonial era, for maritime transport and port administration always assumed tremendous importance because of British interests in the acquisition and

transport of primary products from the colony. It should be observed that the Government of Guyana recognized, like any other developing nation of the world, that "the access to resources, markets, jobs, places or social and recreational interests and its security interest are all dependent in one way or the other on the provision of efficient transport services and a proficient and reliable port" [2].

It is therefore, crucial that it be construed without ambiguity that the lack of the above stated services can seriously impede development and set the stage for serious hardships at a personal level. The writer therefore embraces the view expressed by the Central Transport Planning Unit in Guyana that "a major objective of transport policy must be the insurance that it contributes to economic growth and national prosperity through its services to industry, commerce and agriculture" [3].

Here consideration is given to the fact that the transport system of Guyana is still in its infancy with respect to development. Consequently, the major manifested problems are associated with management and control issues which will be scrupulously examined and assessed as this research progresses. It will be unwise for any developing nation to foster port development programs and maritime shipping activities without considering the fact that its concomitant objective should be the assurance of proper coordination of the whole transport system of the country, for roads are as

important as the ports if there is to be an efficiently organized transport net-work.

Within the context of transport management and administration Garvan Mc Donell and Company (1976), identified four major groups of functions which they perceived to be carried out by the Transport and Harbours Department. That department operates within the structure of the Ministry of Public Works, Communications and Regional Development to superintend the Harbours and the major part of the national shipping activities in Guyana: a mandate it has had since the colonial days in 1931. However, the Ministry must be part of this process. These functions are as follows:

- (a) Political decision making, direction and ministerial co-ordination.
- (b) Policy analysis and planning
- (c) Sectorial regulation and associated service activities.
- (d) Operations and enterprises should be separated. This conforms to the established principles of sound public administration [4].

Based on the foregoing, it is clear that from 1975 to 1976, there was a serious attempt made by the Government of Guyana to ensure that there was a policy framework for the conduction of transport matters.

However, within the confines of the operations of the Ministry of Transport, Mc Donell (1976), noted that there was a number of enterprises which were mandated to report to the Ministry of Transport, based on national legislation. These included:

- (i) Guyana Airways Corporation
- (ii) Guyana Transport Services Limited
- (iii) Guyana Port Development Authority.

It should be noted that while the Guyana Airways and Guyana Transport Services were in fact established in keeping with Mc Donell's recommendation, the concept of a port authority did not develop. To this date, there is no port authority in Guyana, a facility which is entrenched in most of Guyana's Caricom neighbors. The merits and demerits of such a system will be examined later in this research.

The Israeli Institute of Transport and Planning Research (1975), having assessed the state of transport development in Guyana conceded that in order for efficiency to be realized the following conditions must be addressed methodically:

- (a) Provision of access to all development areas.
- (b) Elimination of deficiencies in the existing transport system.

- (c) Avoidance of bottlenecks in the future transport system.
- (d) Replacement of all obsolete transport facilities and equipment.
- (e) Reduction of transport costs.
- (f) Improvement of transport services.
- (g) Improvement of the operation of transport facilities and improvement of international flows [5].

The above recommendations were realistic but of course for their implementation to be made possible there must be the necessary economic means and administrative commitment. However, it will be grossly dishonest if the Author were to concede that there was no effort on the part of the Ministry of Transport. Based on the Israeli's proposals, the Ministry of Transport attempted a draft water transport policy framework. Consequently, the following areas were carefully studied and outlined:

A. Organization functions

- (i) Whether for purely regulatory functions Transport and Harbours Department should be separated out and placed in the Ministry.
- (ii) Whether enterprises should be split between

- a. a section responsible for domestic and regional shipping and organized as a corporation,
- b. a section responsible for the harbour which should be the nucleus of a Port Authority [6].

B. DOMESTIC SHIPPING

There is no comprehensive record available on shipping in Guyana before 1873. However, what is known is that for over five decades before 1914, two Englishmen, Hugh Sprostons and Fererick White operated specific services which were considered vital to the then Colonial Government. This company known as Sprostons Limited operated in Guyana until 1911. There were negotiations between the Government and Sprostons for a renewal of the contract but this did not materialize for the demands by Sprostons were too exorbitant. Therefore, the Government had no alternative but to operate the service on its own.

In 1918 the Harbour Board was formed with a view to have a more structured approach to the management of the harbour. At that time there were fifty-five wharfs in the country but only nine were considered to be in good condition. However, it did not solve all of the problems. It was then felt that the harbour section should be merged with the Colonial Transport Service to form the Transport and Harbours Department.

Transport and Harbours Department was established in 1931 and it was recognized as the principal agency for operating the Ferry and Coastal Shipping Services. Since then all shipping services were to be operated under a licence given by the Ministry of Transport. It must be established that unto 1993 the service is of public convenience. Fares and tariffs are set to cover all costs including depreciation and interest. It was also hoped that in the Caribbean Region Guyana will continue to operate her own vessels in joint services (sailing) and pooling arrangements with the West Indies Shipping Company.

The above had become a reality, for tariffs and fares were set by the Ministry of Transport in consultation with the Transport and Harbours Department. In addition Guyana became a member of WISCO in keeping with the set policy guidelines. Unfortunately, the West Indies Shipping Corporation no longer exists. It was eventually sold to Grace Kennedy, a private business operator. This move has given cause for "raised eye brows" in many maritime administrations in the Caribbean. Of course structural problems were sighted as being the main contributory factor. Since WISCO was seen as a possibility for regional cooperation in shipping, in the final analysis, one is forced to conclude that it does not augur well for the whole process of economic integration in the Caribbean.

To make an assessment of the tariffs and fares for passengers and goods as stated above it is regrettable to

mention that until recently these did not respond to the prevailing economic circumstances in any positive way. The Government still subsidizes commuters in some areas of the country i.e. on the Berbice River service and the North West District ferry service. These are all outlying areas of the country where lots of primary agricultural production is done. Further, fares and tariffs should be established on a more scientific basis. Statistics should be examined to ascertain whether increases in fares have brought any positive results to the Department and to the country as a whole. There is the possibility that passengers travel less when there is an increase in their fares, for there is competition with roadways in the case of the Georgetown Vreed-en-Hoop Ferry Service because of the existence of the Bridge across the Demerara River and further competition on privately operated vessels (speed boats). Here another argument surfaces that people prefer to pay a little extra for quick arrivals and efficiency of operations.

Fares & Freight

ECONOMIC AND SOCIAL BENEFITS OF THE TRANSPORT SYSTEM

Despite the fact that Government subsidizes the transportation of goods and passengers from the outlying areas of the country and there might be a loss of revenue to the Transport and Harbours Department there are social and economic benefits which accrue which no one can easily quantify. Emphasis should not only be placed on the immediate profits which could accrue rather it should be placed on the long term economic and social benefits

Subsidies
Introducer

which may be realized. It is Government's responsibility to ensure that there is serious consideration given to the development of the rural areas of the country. For this to be realized the need for an efficient transport net-work is quintessential.

In light of the afore mentioned issue it is recommended that the government provide subsidies to public state corporations including Transport and Harbours Department to enable them to operate transport services to areas targeted for social and economic development on a profitable basis where it is known that such transport services cannot be provided and operated profitably without subsidies. This facility may also be granted to private operators as a means of developing a transport system for the interior.

Recommend

Development of the rural areas may yield immediate social benefits in the sense that employment could be created when development projects are started in the rural areas of the country. This in a way will minimize the present impact of the dynamics of rural/urban dynamics which has been a characteristic feature of the recent history of Guyanese society. This is understandable for throughout the history of human civilization man has always had the desire to move in search of betterment. Therefore in the circumstances any attempt on the part of Guyana to foster the development of the rural areas through efficient transport services could only yield positive results in the long term.

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DESCRIPTION OF THE REST OF THE RESEARCH

In Chapter Two the focus is on the review of relevant and appropriate literature based on policy issues, and approaches to the management of ports and shipping generally. Attention is given to key concepts and issues related ports and shipping particularly in developing countries and how these might be promoted.

Chapter Three explores the possibilities of a state owned or controlled port. In this case the example chosen is the port of Esbjerg in the Northern part of Denmark, a country where all three forms of port administrations exist, i.e. the private, the controlled, and the municipal ports. The private port is a port where the administration is privately handled. The controlled port is owned by the state while the municipal port is under the supervision of the municipality.

LAWY
LAWY?

The rationale for choosing the Port of Esbjerg for a case study is simple and realistic. Esbjerg started out as a small port to which much importance was not given initially. However, with application and foresight by the management she has grown to be one of Denmark's most important sea ports. Apart from her success she has similar geographical and spatial characteristics as the Port of Georgetown and they have inherited a similar system of governmental control.

Denmark Port and "She".

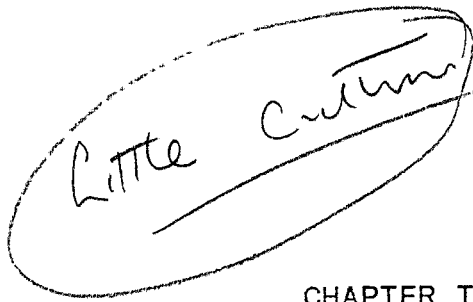
Chapter Four deals extensively with the merits and demerits of privately operated ports with some reference

being made to the municipal ports. This chapter is very important for the ideas expressed therein may be of some value to the port system in Guyana given the fact that the national economy is now focussing on the privatization of a number of state owned enterprises. Consequently, there is a possibility given the present trend for the port of Georgetown to be considered for possible restructuring so that it could better cope with the new challenges of the shipping community.

In Chapters Five and Six a serious examination is made of the environmental factors, both intrinsically and extrinsically, which affect the operations of the port and influence shipping policy. These include the Government's economic policies, recent changes in industrial relations practices and the dynamics of the management system. A cost benefit analysis is attempted with a view to justify an appropriate port development model or approach for contemporary Guyanese society. Finally, conclusions are drawn and recommendations made based on the findings of the author. _

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CHAPTER TWO

REVIEW OF LITERATURE

In this chapter, the writer attempts a review of literature based on policy issues and approaches to management which may be considered vital to the process of making a port reliable and efficient. Particular emphasis is placed on port planning and the economic importance of ports in developing countries. This review was done with the main aim in mind to examine works which have been done in the area of port and shipping administration. The ideas expressed have certainly helped the writer in clarifying his ideas and developing a clearer focus relative to the realization of the planned objectives of this research.

POLICY A BROADER VIEW

Transport economists have long come to the realization that where a nation is deficient in the factors conducive to growth, no amount of transport investment will create the economic dynamism that is so ardently desired. It is therefore, crucial that consideration be given to the total social system and the broader economic policy of the nation whenever shipping policy or port development strategies are formulated. P. Alderton (1993 lecture notes) upholds this view when he conceded that, "no policy for shipping or port development should be

formulated without consideration being given to the protection of the national interest" and in general the political ideology of the nation.

However, before proceeding it is useful to define policy.

According to -I. Chrzanowski (1982), National shipping policy, an element of overall economic policy, expresses the attitude of the state to shipping. Shipping policy can be understood as the totality of economic, legal and administrative measures by means of which the state influences the position of the nation's fleet, that is its place and role in the national economy and the international freight market. The attitude of the state to its own merchant marine as a rule reflects indirectly its attitude to the fleets of other countries... [1]

Shipping policy has then two aspects; foreign, expressing the attitude to other fleets and domestic, to its own merchant marine. This definition is adopted for it covers the full breadth of the internal and external dynamics associated with this important aspect of a nation's trade and economic development.

Gary Fromm (1969), noted that any nation, highly developed or underdeveloped; attempting to construct a national transportation policy must come to grips with a most difficult first question: What are the national purposes that the transportation system is intended to serve? [2] Although this view was posited over two

decades ago, it still has contemporary relevance. Essentially, this should be the first question. However, unfortunately, it is hardly ever asked by the authorities who are in the business of transport management.

Fromm further argues that in trying to make transportation decisions that fundamentally affect a nation's life it is not enough to ask how much? and where? but also what for? [3] In short, towards what larger ends should the transportation system be designed. Based on the above conception, it should be noted that the objectives may be varied and conflicting depending on the level of development in the society.

Based on the Transport Canada report (1986), the new legislation for a national transport policy for Guyana should embrace the following key elements.

1. Safety of the transportation system is the top priority.
2. The transportation system exist to serve the needs of shippers and travellers.
3. Competition and market forces are to be the prime agents in providing economically efficient and adequate transportation services at the lowest total cost.
4. In order to encourage competition both within and among the transportation modes, economic

regulation of carriers will be minimized.

5. Carriers should so far as practicable bear a fair share of the cost of facilities and services provided at public expenses, and to be compensated for publicly imposed duties.

6. Transportation is a key to national and regional development [4].

These proposals should not be ignored, for they capture the whole philosophy which bespeaks a sound transport policy framework to foster economic development within the Guyanese society. The issues of promoting free competition and regulations based on market forces should be encouraged. The very character of this undoubtedly facilitates efficiency and the general improvement of ports and shipping activities. The Author wishes to endorse this report by the Canadians as a useful mechanism for adoption in Guyana, for it is broad enough in scope and it is useful for a country that is in the process of reshaping its economy through the implementation of a new political ideology and development strategies.

UHT
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There is a great need for a serious assessment to be made of sea transport in particular. This is important in shipping from a global standpoint for it is recognized as the catalyst of economic development. According to Adam Smith in the Wealth of Nations (1776), Chapter Three,

shipping is the source of cheap transport: it can open up wider markets to specialization, offering shipment of even the most every-day products at prices far below those that can be achieved by any other means [5]. Some pundits may try to dismiss Smith's view simply because he wrote in the eighteenth century and shipping was the only available option for international transport. However, contemporary theorists in Transport Economics such as Chrzanowski and Goss have clearly established that sea transport (shipping) is still the cheapest and most cost effective form of bulk transport. ✓

Since the age of the Industrial Revolution, economists and development theorists recognized that the core of economic development in any society is a cheap, efficient and reliable transport system, particularly sea transport. It is this same reason why the traditional shipping nations, England, Portugal, France and Spain made great advances in the nineteenth and early twentieth centuries. In British Guiana trade was restricted to the British. Therefore, the focus was on bulk because raw materials such as bauxite, sugar, rice and lumber were transported to Britain until the late 1950's. This pattern changed with the attainment of Independence in the 1960's. Consequently, the right to self direction was realized.

Guyana, like other Third World nations, began to make serious approaches relative to the gaining of entrance into the International shipping business. However, suffice it to say, that there was never the development

of a large maritime fleet. Of course there were reasons for this:

- (1) The country just being rid of colonial domination did not possess the economic means to purchase ships.
- (2) The maintenance of existing ships was difficult because of the need of spare parts and equipment from abroad; this being tied to foreign currency.
- (3) With the continuing improvement in international shipping through the implementation of Conventions it is difficult for developing countries to adhere or to reach these standards with a continuously aging fleet.

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It is against this background that shipping in the Guyana context must be analyzed. Essentially, the pattern within recent times has been to depend on the principle of chartering or to succumb to significantly high invisible imports which negatively affect the country's balance of payments. However, these issues are examined in some detail in Chapter five of this research.

Those concerned with shipping should always bear in mind the fact that there is a relative dependence of the national sea-transport system on international foreign trade which possess a certain sensitivity to fluctuations in the global economy. In short, trade cycles should be

studied and the necessary forecasts made, for ultimately, the final results will always reflect or depend on the volume of commodities demanded. Therefore, a country's trade is always a function of demand and supply.

Henley John/Smart (1987), noted that since trade cannot be without the provision of the necessary transport, it is accepted, that the availability of reasonable efficient transport is an essential element to the development process. Consequently, shipping remains overwhelmingly the most important form of international transport. 6

THE ECONOMIC IMPORTANCE OF PORTS

It cannot be over emphasized that the basis of the development of most cities or towns in developing countries must be ascertained relative to the historical development and geographical locations of ports. Therefore, the most important consideration here is the economic relationship between the society and the port. This may be theoretically located in the Marxian economics, for the central tenet expressed is that the economic base influences the superstructure of any society. In this context, the port offers that foundation for it facilitates trade which is the motor of progress and economic development of a nation.

Therefore, if a developing nation fails to establish a modern well organized port, it may be construed to be

operating in a way that is detrimental to progress and the overall economic development of the nation. "Without an efficient port, costs of living become higher, industrial development more difficult, and exports of mineral ores unprofitable. The rate of economic progress is drastically curtailed" [7]. The afore mentioned statement is relevant because exports and imports are perceived to be the main economic activity in Third World Countries. Their economies are structured to foster trade relations. This is so because of some characteristics which cannot be overlooked.

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- (1) They depend on the export of one, two or three primary products as their major source of foreign exchange earnings.
- (2) They have no diversified economic base, therefore, imports of machinery and manufactured goods account for a sizeable part of their annual budget.
- (3) There is widespread poverty and unemployment.
- (4) Income distribution is skewed.
- (5) Trade imbalance is pronounced because of the high degree of invisible imports.
- (6) Social infrastructure is not well developed to cope with the demands of an expanding world transport system.

(7) Low levels of technological development.

Largely indigenous technology is adopted or
obsolete technology from the west.

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With these inherent constraints, Governments cannot stand competition in the world market, but they are also heavily dependent on the imports from overseas markets if they are to satisfy the needs of their rapidly growing population.

According to Nagorski (1972), the exports which are so necessary for payment for a part at least of expensive imported goods, consist mainly of natural commodities of low value [8]. This situation reflects a very serious concept, that is the notion of dependency theory. Dependency is a dynamic process for every nation whether developed or underdeveloped (developing), has relative dependence, for the assumption is, that in a free trade model each trading nation will gain, in keeping with Adam Smith's theory of comparative advantage.

However, the writer shares the view that in the business of international trade, Third World nations are disadvantaged. They have inherited a system of dependency in that they were socialized into accepting standards which emanate from abroad because of their low levels of development. In this regard, the crux of the matter is that it requires several units of primary products to purchase one unit of manufactured goods. What is even worse, is that Third World nations have no say in terms of the price mechanisms. They are basically

price takers. Therefore, they remain within the confines of a vicious circle for they only embark on low levels of manufacturing. This classic dilemma should not be slighted whenever serious analyses are done as regards the economic importance of ports.

In order to maintain ports and purchase sophisticated equipment to improve the port generally, so that it could meaningfully respond to its anticipated economic commitments, there must be the necessary earnings to guarantee sustainability. However, the obvious question that is being asked is, could developing countries afford to neglect the development of their ports? P. Alderton (1993 Lecture notes) contends that once investment has been made in a port as regards infrastructure development, this cannot be transferred for a port cannot be used for any other purpose. However, despite this pre-determined condition, Alderton is convinced that, while it is not very feasible for Third World Nations to purchase ships because of the level of competition, the depression in the shipping market and the growing international standards, they should invest in port development because of the importance of sea trade to their economic sustainability cannot be easily quantified.

The above argument coincides with Nagorski's view that a major port on a country's own national territory is the best possible guarantee of economic and even political independence [9]. He qualifies this by establishing the fact that it is cumbersome, unnecessary and wasteful to

rely on transit through neighboring countries because of formalities and procedures. To stretch the argument even further, dependence through transshipment through the ports of another country may have an eventual flare that manifests economic and political dependence. Naturally, the latter statement may be challenged since this article was written two decades ago and the new developments in the world seem to focus on a more regional approach to shipping policy which ultimately affects the activities of the domestic port. However, this should be examined carefully for it has nationalistic implications when cognizance is taken of a real crisis situation.

The very character of shipping is greatly associated with the posture of developing countries which is "related to their economic history which has fostered agrarian societies with raw materials for primary product exports [10]. It was therefore, predictably obvious that with all things being equal, the prices of these goods will not be competitive with the manufactured goods from the developed world. This point cannot be over-emphasized as the Author reaffirms his contention that in light of this imbalance the function of the port as a national economic entity must reflect the broader national economic objectives. Therefore, the port development strategy should cater for this macro economic function of the port.

The above must undoubtedly be incorporated in a long term development plan. "If a balanced development of all resources of a young country is to be achieved, a long

range program for establishing an efficient system of ports and access roads should be included in the overall development plans. Port development policy should be based, in the first instance, on economic considerations "[11].

PORT MANAGEMENT

✓ The key element in any organization in human society is its management. According to Peter E. Druker (1986), the emergence of management as an essential, a distinct and leading institution is a pivotal event in social history [12]. Since organization is not just a tool of policy but the mechanism by which policy is developed the role of managers and leaders is crucial. In this regard Druker argues "that" the manager is the dynamic, life living element in every business. With his leadership the "resources of production" remain resources and never become production" [13].

Based on the above issue, it is appropriate for one to consider the fact that management within the port as in any other organization, will remain a dominant institution if efficiency is to be realized. In this context it is useful to highlight the contributions of Bower (1983) who examines the way organizations work or operate; an operation that is based on its management. He identified three ideas that are crucial in this regard :

1. Organizations do not work unless members are willing to contribute effort. There must be inducements. Authority is grounded in the reasons that a member has chosen to contribute. There is an implicit contract.
2. If an organization is to function over long periods of time, its activities must generate the resources to provide inducements in exchange for contribution.
3. The only way to measure whether an organization is effective relative to the common purpose around which it is organized. The appropriateness of that purpose must be assessed relative to the likelihood of success [14].

Essentially, the way the port is organized will determine its success in terms of the realization of its broad goals and specific objectives. A very vital question that needs to be addressed is that of the role of the port manager. (Is he a leader or a boss?) Firstly, it is necessary to clarify the concept of leadership with a view to show the relationship between the management and the workers which occupy the lower strata in the bureaucracy of the port and shipping company. According to the International Encyclopedia of the Social Sciences (1985), the effective leader is said to be group oriented, he represents group needs and oils the wheels of human interaction. But that is only one style of leadership: it is egalitarian in its assumptions,

manipulative at its strongest and sometimes no more than that the hypocritical claim of a leader to be the mouth piece of his followers or subordinates.

In modern management, there are various leadership styles. These include:

(1) The social emotional leader. He emerges from the group and is more or less a consensus leader. He gets things done because of his charisma .

(2) There is the autocratic leader who is task oriented, sticks to the letter of the institution's laws and orders his subordinates with an 'iron fist'.

(3) There is the *laissez faire* leader who operates in an ad hoc manner and finds it difficult to make decisions at a personal level.

These forms of leadership manifest themselves at various levels in port management today. These styles vary from individual to individual and from organization to organization. The argument still goes on as to whether the manager should be a leader or a boss.

David Bradford, et al (1984), noted that theories of leadership and management, irrespective of what label is used or how participatory they claim to be, contain core assumptions that actually prevent excellence from being

obtained in contemporary organizations. [15]. These assumptions place managers in the center of the action with the burden of responsibility squarely on their shoulders. Further to the above, they felt that if a leader or manager is to seem as good and responsible he must subscribe to the following.

- (a) Knows at all times what is going on in the department.
- (b) Should have more technical expertise than any subordinate.
- (c) Should be able to solve any problem that comes up.
- (d) Should be the primary (if not the only) person responsible for how the department is working [16].

In many western European ports, although the management follows a bureaucratic approach with respect to administration, it is based on a system of shared responsibilities. This works well at the port of Esbjerg in Northern Denmark. However, this model has been outlined in Chapter Three.

According to Professor P. Houssin (1993), much effort has been devoted for a long time to planning of material resources and optimizing financial resources.

Paradoxically, the human resource, which is ultimately the most important and least predictable asset, has not attracted the same level of attention and it is only recently that its use has benefitted from a scientific approach.

The Author agrees with Houssin's view for whether the management is task oriented, democratic in nature or a mixture of these two dominant styles the human resources should be given careful attention and motivation, if the goals of the port are to be realized. In chapter six of this research an approach to management is suggested for the port of Georgetown in Guyana.

Given the fact that port management is much broader than the management of human resource, the Author gives attention to some broader and more pivotal national concerns. An issue that must be resolved by the management of ports and shipping companies whether, privately owned or publicly owned is the selection of the objectives or criteria of the enterprise. Criteria may be to :

- (1) Maximize profits

- (2) Maximize the utilization of vessels and other available resources.

- (3) Attract the maximum or a given level of demand to under cut competition or gain a foot hold in market at least cost [17].

The management needs to have good foresight. There is the need for international financing and an ability to accept risk. In this respect managers should not only possess the requisite knowledge but they should be astute businessmen, having the capacity to make quick decisions and be relatively innovative [18].

Decision making is absolutely vital in management. It however, requires keen understanding of the existing problems which urgently necessitate a decision and a full knowledge of all the available resources and limitations which exist in the environment. In addition, there must be an assessment of the requisite services, budgetary constraints etc. These elements cannot be slighted if an appropriate approach to the solution of existing problems is to be implemented.

" Excellence in management requires budget and control systems, formalized ways to appraise rewards and promote long range planning and forecasting systems, and division of labour and job descriptions. The dilemma for the manager then is not whether control needs to be exercised, but how to see that it is exercised without weakening the motivation of those with energy and enthusiasm " [19].

It is quite useful to highlight approaches with respect to port management, but these approaches must be carefully assessed with respect to their relevance. Considerations must be given to the norms, values and ideological stance of the people involved and ultimately the nature of the industrial relations climate. It is crucial also that the major considerations be addressed, then the question that should be examined is whether the management is technocratic or political.

The term technocratic management is used to describe that type of organization which is adopted to achieve efficiency and effectiveness in the production and distribution of goods and services. In principle, if not invariably, the leader of a technocratic management system has authority over the contract, the inducement and the purposes of his organization [20]. Based on experience, this type of management system is often preferred in liberal democratic societies and they are often encouraged to operate based on a number of far reaching institutional policies. Political management is the direct contrast to technocratic management. The term political management is adopted in this research to describe organizations that respond to the needs of individuals and groups concerned with the distribution of goods and services over which there are common and overlapping claims [21]. This management is reflective of the product of political systems and are usually expressions of both legal and public policy.

In examining the two broad approaches to management stated above within the framework of a port operation, certain key elements need to be carefully considered. The first is, to what end has the port been established? Are the objectives designed by the state or are they basically profit oriented? Are social cost benefit analyses made? To what extent are they considered in a developmental context? Given the situation in Guyana, a compromise between these two extremes seems feasible. However, this issue is addressed later in the research.

Within the context of the development of a policy frame-work, which is aimed at development at the level of the port and the society as a whole, a young nation such as Guyana needs to implement a number of key strategies. Improvement in management alone will never suffice. There are many other variables which need to be carefully examined.

William Joseph (1991) in his Dissertation on the Development of a model for Maritime Safety Administration in Guyana" conceded that the Merchant Shipping Act currently in use needs to be examined as a matter of urgency so as to fulfil the national needs and conform to international laws and conventions. Joseph's contention is useful, for any approach to improve the activities of ports and shipping in Guyana must be informed through the requisite national legal regime.

The national policy should include a few critical aspects. Through the Ministry of Transport proposals should be made for the following to be considered:

1. the establishment of a nondiscriminatory process for the carriage of goods by water in local, regional and international commerce with a minimum of Government intervention and regulatory costs,
2. the provision of an efficient and economical transportation system in the international or foreign commerce of Guyana in as far and as practicable as possible, in harmony with, and response to international shipping practices,
3. the encouragement of effective port planning and development to respond to the changes in technology, shipping and maritime transport.

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The writer is convinced that no amount of money or capital alone will create an efficient port system or transportation net-work to facilitate trade. There is a urgent need for a long term port development plan. In this plan there should be a program which is aimed at improving existing facilities and evaluating management methods with a view to having them in tune for efficiency and development.

Planning for the port is never a simple task, for it covers economic, financial as well as physical aspects.

It must also respond to or be in harmony with other aspects of the national economy. Dieter Wilking (1992 Lecture Notes) identified the following important aspects which he believes should never be ignored in the process of planning:

1. A nation starts to export certain raw materials from newly developed resources. The need for adequate port facilities, probably specialized, arises as well for adequate transport connections.

2. An existing port has to cope with sharply increasing incoming general cargo traffic. Cargo facilities in the port (berths by number and /or length, equipment, workforce, number of shifts, sheds, stacking area) have to be adjusted as well as the connecting transport systems.

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The above considerations as expressed by Wilking may not all be applicable immediately. However, in the process of development, they may take on importance.

The writer found it necessary to review the works of writers on issues of policy and other elements of port development for these have helped him to clarify his thoughts and ideas with respect to the recommendations and conclusions which are reflected later in this research.

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CHAPTER THREE

A CASE STUDY OF THE PORT OF ESBJERG IN NORTHERN DENMARK

The information presented and analyzed in this chapter has been obtained from the Esbjerg Port Authority. The port of Esbjerg has been chosen as a case study because it furnishes that kind of example of a governmental control port which realizes a relative degree of success and efficiency in its operations.

The Esbjerg port has undergone a multiplicity of changes over its one hundred and twenty six years of existence. It has experienced varying degrees of governmental control until the present state of operation under an autonomous Port Authority. This is indeed an expression of the contention of Nagorski that the port authority should decide what system of port operations is to be followed and how it should carry out its day to day operations.

It must have the right to establish tariffs of port dues, fix the rates, (subject to some form of government's approval), collect the dues and retain the proceeds. It should be able to release some property to private firms, in case of need, to buy or sell land adjacent to the port to incur financial obligations in its own name (with a certain control

of the government) and in general to act as a legal entity [1].

The above view epitomizes the situation as it exists in the port of Esbjerg. Esbjerg is among the most important import/ export ports in Denmark, the most modern fishing port in Scandinavia and without question Denmark's number one off-shore base. Because of its strategic location on the North Sea Coast, it could be seen as Scandinavia's gateway to the West. The geographical position of this port is ideal especially when attention is turned to the Continent, the United Kingdom, Scandinavia and the Baltic ports. It is therefore seen as the future centre for ocean going traffic for the whole of Scandinavia. However, the focus is not to consider the history, development and importance of the port of Esbjerg to Denmark and Scandinavia, rather, it is to examine its present form of organization with a view to justify the need for a relative degree of control by government and suggest important elements which may be useful for adoption in the writer's home country.

THE LEGAL FRAMEWORK

The present status of the port of Esbjerg had resulted from a lengthy and complicated passage through the intricacies of the Danish Parliamentary system. A new act was passed in 1991 at the instigation of the Danish Minister of Transport which resulted in greater freedom for Danish ports based on two general principles of

market control, (free determination of prices/charges, although only within certain limits for the first four years, and freedom of investment).

This act has undoubtedly impacted on the structure of the port of Esbjerg and has influenced the way in which the decision makers react to the policy of the port. Basically, Danish ports are controlled and owned in a wide variety of different ways. Most commercial Danish ports are either independent or owned by the state. The main objective of the state ownership is to provide relevant subsidies. Therefore, the objectives of the public ports depend on their organizational structure and traditions with regard to their role as partners of the municipality in which they are situated.

In terms of development, ports may only make investments if they are capable of either paying for such investments themselves or covering the expenses incurred in connection with interest and depreciation in the annual accounts. However, the Minister of Transport reserves the right to inspect and give permission as regards the installation of fixed plant and selling of sea areas within the area covered by a commercial port. Even if it is an area outside of the port, the port must secure the permission of the Ministry of Transport.

There is some concern for public ports which run at a loss. With regard to investments aimed at adding to the depth of ports and cleaning the port area, it should be noted that "cleaning up " traditionally means re-creating

the former depth of water across the entire width of the approach to the port, whereas, "adding to the depth" means creating a greater depth or wider approach. Adding to the depth of a port represents an undoubted increase in port capacity, which ports running at a loss may not initiate. However, in exceptional circumstances such ports can obtain the approval of the Minister of Transport for such projects.

On the other hand, approval is not required for expenses incurred in connection with standard cleaning of port approaches and docking areas with a view to maintaining the established width and depth of the water, even though the municipality concerned is forced to grant cover for such expenses.

CHANGES IN CURRENT CONTRACTUAL CONDITIONS

LEASING PRICES

The central system used in the past to fix leasing prices was terminated on 1st January 1991. It is now up to the port authorities themselves to fix leasing prices. According to the standard leasing contract, the price of each leasing category may be reconsidered when the period of validity of tariffs on ships and goods expires - i.e. once a year.

CLASSIFICATION OF PORT AREAS

Current leasing contracts are valid until they expire. Ports are entitled to re-classify port areas if there have been significant improvements in the area concerned (e.g. improvements in access and transport conditions). Ports may consider reducing the number of area categories by combining two or more categories. Such plans no longer require the approval of the Minister of Transport.

TURN-OVER GUARANTEES

Port authorities may also reconsider their leasing policy regarding turn-over guarantees. The standard leasing contract states that the size of the guaranteed minimum turn-over figure may be re-negotiated by the parties concerned each year. Port authorities are also entitled to require a turnover guarantee in leased areas which do not have such a guarantee.

LEASING POLICY FOR NEW LEASING CONTRACTS

A new leasing policy that is drawn must be done with the approval of the state. However, a new area category plan for new leases can be drawn up for leased areas with leasing rates which differ from current rates. These plans do not require the approval of the Minister of Transport.

For example, port authorities are entitled to introduce a uniform policy with regard to the size of the turnover guarantee (e.g. by multiplying the leasing by a certain figure or by calculating the turnover in tons).

PORT AUTHORITIES ARE ADVISED TO CONTINUE TO USE THE STANDARD LEASING CONTRACT

SALE OF AREAS

With effect from the 1st January, 1991, the ports in Denmark no longer needed the approval of the Minister of Transport before selling port areas.

Based on planning and financial considerations, port authorities are now able to decide whether the introduction of more or less restrictive policies with regard to the sale of port areas would be appropriate.

PORT ASSETS

Serious attention has been given to the issue of port assets. These assets may only be used for purposes which serve the interests of the port concerned. If the total assets of a port significantly exceeds the amount expected to be required by the port in the foreseeable future, the Minister of Transport may permit part of such

assets to be used to promote local commerce - primarily commerce associated with the port and the companies based there.

For example, access to the port by road from outside the port area might be improved by using port assets. In order to qualify for port funds all such measures must be within the limits laid down by municipal authorities with regard to the freedom of action of town councils.

It should be noted that it is not the intention of the Ministry of Transport to restrict the operations of private or commercial ports. The act assumes that permission to increase the scope of such ports will only be granted after careful consideration of the situation of the port in question. However, in the final analyses the Ministry of Transport ensures that the existing public commercial ports are not deprived of the means of their existence.

BUDGETS AND ACCOUNTS

Ports are not required to present their budgets to the Ministry of Transport, but they must continue to send their accounts to the Minister of Transport within the deadlines stipulated by him.

The afore stated legal guidelines in principle apply to the Port of Esbjerg which is a state owned port. This is necessary, given the fact that "the duties and powers of

port authorities are generally contained in state or national legislation" [2]. However, it is important to mention that there may be variations in responsibilities and powers from one administration to another, although they may possess common features. It is therefore obvious, that each port authority must undertake certain development activities and operational procedures that best suit its peculiar circumstances; all being aimed at progress. In this regard Esbjerg has adopted strategies within the confines of the statutory regulations to foster a meaningful economic development program. These strategies are discussed later in this chapter.


In the list of tables there is an illustration of the structure of the port of Esbjerg. This structure gives a break down as regards the administration of the Maritime Department of the Port of Esbjerg.

The administration is broken down into three main departments the Administrative, the Secretariat and the Harbours. However, the major activities are associated with the Harbours. It is said in the Government's action plan for cutting down on bureaucracy, that work has been started with the object of promoting the competition in the Traffic Harbour field. The aim is the abolition or a considerable reduction of the central fixing of tariff and the current standardization of tariff, as well as the central investment control in the field [3].

The Harbour has an Harbour Board that superintends the implementation of the general policies of the port of

Esbjerg . The General Manager of the Port is the Chairman of the Harbour Board which is comprised of two persons from the city council, one from the Fisherman's organization, one from the Chamber of Commerce, one from the employees in the Harbour, and one from the Ministry of Transport. Esbjerg Harbour, as was mentioned before, is government owned, and it consists of a traffic harbour, a fishery harbour and the land area close to the harbour.

The Harbour Captain is the Chief of the Maritime Section, and his responsibilities cover roughly the following areas :

1. Takes care of the ships and other customers, to make sure that the quays are used in the best way, without more delays than necessary for the customers.
 2. Supervises the official depths of . . the channel entrance and harbour basins.
 3. Supervises lights and buoys.
 4. Supervises harbour areas and quays to keep the installation in good order, including safety equipment.
 5. Make plans for oil pollution disasters and carrying out safety rules in keeping with IMO standards.
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6. Ensures that the harbour area is used according to the harbour regulations.
7. Takes care of ships and commodity dues, payment for electricity and dues for short time leasing of areas and facilities.
8. Prepares statistics for cargo, traffic dues etc.
9. Employs and discharges his own staff.
10. Assists the Harbour Manager in maritime questions including advises for new investments, modernization and other alterations in the Harbour areas.
11. Ensures that there is co-operation and collaboration with the tug operators, pilots and linesmen which are not under his purview. These are privately operated companies.

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EMPLOYMENT

It was the direct strategy of the port of Esbjerg to relinquish the responsibility of certain services such as stevedoring, the pilot service and the slipway to cut back on operational cost and to operate in a more efficient manner. To date, there are one hundred and sixty-eight employees, whereas, the previous number was in excess of two thousand. The port is relatively

modernized; therefore high level skilled workers are retained who are extremely committed to their jobs.

The employees serving within the Maritime Section are all civil/public servants who are paid by the Ministry of Transport, since the port is under Government's control. It is almost unbelievable when viewed in comparative terms with some developing countries, that there are only thirteen (13) employees under the supervision of the Harbour Captain. All thirteen of these employees have Nautical knowledge, eight of them possess either a Mate's or a Master's certificate. According to the Harbour Captain part of the success of the harbour has been due to the commitment of the workers.

The Maritime Section is subdivided into sub-sections. These are as follows:

(1) Ship and Commodity Dues Section.

The responsibilities of this section are varied. These include the collection of ship and commodity dues, data registration, the working out of statistics, the drawing up of budgets, and undertaking development work.

(2) Service Section

This section which is comprised of four employees includes the following responsibilities.

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- (a) Representation of law and order within the harbour area.
- (b) Carrying out inspections concerning dangerous goods, environmental and working ship papers, harbour installations etc.
- (c) Performing administrative duties such as hiring out harbour areas, maintaining and updating files and registries, reporting to Harbour Master, collecting dues and participating in safety precautionary plans and stand by as such.

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TRAFFIC SECTION

This section is comprised of six employees and their responsibilities are as follows:

- (a) VTS
- (b) Berthing
- (c) Stand by functions in precautionary plans.
- (d) To ensure that there is the fostering of co-operation within the Harbour area,
- (e) Collecting and processing information,
- (f) Carrying out registration,

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(g) Checking dangerous goods and involving in precautionary action.

The functions of this section are extremely important. However, despite the small staff workers perform well; both production and productivity are high. When asked why the performance was so high, the Harbour Captain remarked that each employee is not only skillful, but he is committed to his job. The motivation is there because the working conditions are good and the salaries are commensurate with the inputs of the workers. In a general sense there can be no substitute for a well trained and satisfied work force in any modern organization.

MANAGERIAL STRATEGIES ADOPTED

Esbjerg has developed a model of management which the administration refers to as participatory management. The model is spherical with the manager/supervisor at the centre. Each employee is given special tasks and he is responsible for the completion of those tasks. In this way the worker feels responsible because his tasks must be completed to guarantee the success of his section. While the normal management structure exists, there is a good level of social integration among the staff and the management. The entire system is operated based on certain specific objectives. This system of management by objective allows for a fair degree of competition for

each department is expected to complete given projects within a specified period.

The workers are part of the decision making as to how the work is to be done. The time for work is flexed instead of being rigidly fixed. If a worker is to be absent he discusses it with his peers. This encourages staff to work well among themselves. The leader is informal and the manager becomes involved based on aspects which pertain to procedures and the implementation of policy issues.

As a result of the specialized training of the staff in the past, it was not possible for much flexibility to be realized in terms of the carrying out of certain main functions in the port. However, presently greater flexibility is encouraged by management for it gives workers greater job security and it allows for greater scope in terms of vertical and horizontal mobility of labour.

MANPOWER TRAINING AND HUMAN RESOURCE DEVELOPMENT

With the advancement of containerization in the port of Esbjerg along with the demands in the international shipping community for improved standards in Navigation, the need for human resource development and training has become greater. Containerization has brought about structural changes not only in sea transport, but also in land modes of transport.

Frankel (1987) contends that port authorities usually endeavor to match growth in shipping and cargo flow to port facilities or resources in order to achieve a dynamic optimum at each point in time [4]. Although this is often difficult to achieve no effort should be spared to ensure that the requisite skills and equipment are obtained and put into operation. Esbjerg in response to these changes in the development of the port has undertaken to utilize approximately 3% of its annual budget towards training. Engineers go to other ports in Europe and around the world for two weeks every year to improve their knowledge in their particular field of training. This keeps them up-to-date with the changes and development in technology. Courses in other engineering methods are encouraged and these are all financed by the port authority. This underscores the fact that there could be no substitute for well trained and efficient staff in the port.

However, it is the Writer's view that more attention should be given by the port to the recruitment of a small number of cadets to be trained to guarantee a smooth succession plan within the organization. There is an acute shortage of young people as reflected in the statistics relative to age distribution in the port. It was observed that the average age of employees was very high. For 1988, it was 49.5 years; 1989, 47.9; 1990, 48.5 and 1991, 48.2 years. Since the restructuring of the port, the attrition rate was very low. When too many professionals or engineers retire at the same time without training competent people to take over, it

usually leaves a void that is difficult to bridge successfully. This may have a negative impact on the continued development of the port.

There is ongoing computer training. Every department has access to the computer network. This network is being updated and new soft-ware programs are acquired to facilitate work on projects, particularly in the hydrographic and civil engineering departments. Models are constructed and charts drawn with greater speed, details and accuracy than before. The traditional drawing boards are gradually becoming out-dated. However, efficiency is realized despite the initial capital cost for the acquisition of the hard-ware and the soft-ware for the computer network.

PLANNING AND DEVELOPMENT

In the pursuit for development, Nagorski argues that the port development policy should be based in the first instance, on economic consideration. This conception, though it was posited in the context of the developing world, reflects the policy of the Esbjerg Harbour Board. This board has an obligation to ensure that port facilities are efficiently used. The responsibility of the Board also includes the maintenance of the port facilities and the construction of new facilities to meet the demands of customers. The plans for port development are considered under two headings, the financial and the technical aspects. Firstly, as Frankel (1987) argues that

there is a review of the present financial position and available financial resources. Then there is the determination of the financial sources and methods. 5 Frankel further suggests an economic and financial analysis which must reflect the following considerations.

- * Description of the proposed port projects. This will include a statement of objectives describing the potential benefits and beneficiaries also a description of the alternative port configurations that should be considered.
- * Forecast of port traffic flow. The result of this forecast will be the basis for determining port capacity, material handling requirement and the choice of inland transportation mode.
- * Assessment of costs and benefits [6].

In this regard benefits should not only be seen in economic terms. The social cost benefits which accrue to the society should be given consideration. Essentially, the port of Esbjerg does not only respond to the commercial benefits, but to the long term effects such development could have for the entire nation, given the strategic location of the port. In this regard, the state is prepared to grant subsidies. However, these subsidies are not given to the extent that they create an unfair advantage in competition with private ports.

After the development plans are worked out, the cost is worked out. However, there is need for the carrying out of environmental impact studies. There is also special provision for market forces. This is important because all the work is contracted out.

Before the contractors are called in to make an assessment of the job, the harbour technicians and engineers first make their assessment and submit a comprehensive statement to the General Manager, who in turn presents it to the Harbour board for assessment and evaluation.

In the event that the estimates of the contractors are much more costly than the in-house estimates, then the local engineers do the job and a percentage of the difference is given as incentive after the completion of the project. This situation will not be possible in the future because of the cost of supplying certain equipment for the engineers. The work of the skilled men therefore, will become one of maintenance. This situation of granting incentives to the engineers could work well in Guyana, for it will not only serve as a means of motivating the engineers, but it will bring a savings to the Maritime Department.

Esbjerg is in a good position to embark on port development projects because she can utilize her reserves as well as obtain loans from the Danish Treasury once the projects have been sanctioned by the Ministers of transport and finance respectively. This could be

considered an advantage for public sector port authorities and Harbour Boards. Guyana could learn quite a lot of lessons from this situation considering the relative importance of the port to the nation's economic development. The Guyanese Government needs to give more subsidies to the port as it relates to dredging and capital projects.

FINANCIAL ISSUES

The state usually makes capital disbursement to the port as per stipulated or approved projects. However, the sum which is allocated for one calendar year must be utilized. If this is not done, the allocation for the proceeding year will be decreased.

Each capital project is carefully monitored. State auditors go out to various government controlled ports to assess the status of projects which have been undertaken or stated in the budget for the current year. In addition to this, the port is mandated to send a monthly progress report to the Ministry of Finance through the Minister of Transport who has the right to check on the development works as well as the bank account of the port to ensure that projects are done in keeping with the stipulated conditions.

In the event that a project ends up being more costly than anticipated, the port is asked to draw upon its reserve. It should be noted that the port is allowed to

have up to sixty million Danish Kroner as reserved funds. However in special circumstances the government will make fresh allocations, particularly if the project has a direct social benefit to the state. In cases of peril or natural disaster the state shall intervene and give subventions, since all state enterprises are state insured. In simple terms the state insures itself.

As was stated earlier, any surplus which accrues is not paid into the government treasury neither is it re-invested, rather it is placed in a reserved fund. However, the size of the reserve determines the extent to which capital disbursement is made for the proceeding year. This situation allows for some degree of initiative and flexibility on the part of the Harbour Board in pursuing activities which are aimed at improving the general standards of operation within the port.

COMMERCIALIZING THE PORT

Over the past decade, the concept of privatizing some of the activities of the port of Esbjerg has gained ground. The rationale was clearly obvious. It was felt that privatizing is one of the means of relieving the management of the port and the state as a whole from the burden of certain investments in the port. However, it should be noted that the port continues to invest in infrastructure development. In other words, the port develops the harbour area by dredging the channels,

extending the port area and ensuring that the municipality puts down the necessary road ways.

The extension of the port area is done by reclaiming land from the North Sea. This is facilitated by the use of sand and other waste materials taken up through the dredging process. A pumping device is used for this purpose. After these areas are developed by the port, they are rented to private operators. Basically, the port authority provides the state facilities while private companies carry out certain services.

CARGO HANDLING OPERATIONS

Cargo handling activities are carried out by private companies such as the Blue Water Shipping Company. These companies are responsible for all stevedoring activities. The relinquishing of these operations has benefitted the port in a number of significant ways. These ways are as follows:

- (1) There was formally an excessive demand on the financial sources of the port authority to retain a large number of stevedores. This responsibility has been shifted.
- (2) The conflicts with stevedoring workers unions no longer exist.

- (3) The problem with the lack of competition which impeded efficiency no longer exists.
- (4) There is no more need to go through and implement systems to control these often unwieldy groups of men. ?
- (5) These companies have to pay commissions to the port authority relative to their operations.

PILOTAGE

The pilot service is also controlled by a private company. However, there is collaboration with the port authority as regards the operation of this service. This is necessary because of the importance of the pilot service. Given the fact that there is need for the maintenance of certain standards in the certification of pilots, it is the responsibility of the Danish Maritime Authority to ensure that the following conditions apply:

- (a) Rules and regulations for the safe navigation of vessels are provided. ?
- (b) Provide training and examination procedures for pilots.
- (c) Establish a code of conduct on disciplinary procedure.

(d) Control recruitment and ensure minimum qualification standards.

(e) Offer a career structure to pilots.

It is important that these functions be carried out by the Government. If not directly by Government, Government should operate in collaboration with the body that is responsible for administering pilots [7].

In some port authorities such as the London Port Authority at Gravesend, the port authority maintains the control of pilots. This is considered necessary to ensure that there is uniformity of standards. In this case systematic training is organized. However, pilots are happy to remain in the service because the conditions of work are good and the remuneration is commensurate with their inputs.

OTHER FORMS OF PRIVATE OPERATIONS

Private operations in the port of Esbjerg are not limited to stevedoring and pilotage. Several services which were formally carried out by the port are now under private control. These include the slip-way, the docks, the terminals and ware houses. There are two ferry services, both local and international which are operating daily. These are also privately owned. It should be noted that the port has a development plan so the private firms or companies cannot do as they please, but rather, they must

confirm to the dictates of the port authority or Harbour board.

There are certain statutory conditions which must be adhered to. Rental and port charges are based on the number of square meters of space occupied, the tonnage of the vessels and the amount of cargo throughput.

Rental contracts are usually for a duration of twenty-two years. This policy coincides with the conditions of Banks that give loans for a twenty-two years duration also. However, the buildings are depreciated to zero by the end of twenty-two years. Nevertheless, they could expand the business and get an additional twenty years. They must have permission to sell or transfer their assets. After the twenty years, the business could continue to operate but at its own risk.

All rates are reviewed yearly based on the official inflation rate. Traditionally, the decision was taken by the Government. In this regard a standard rate was given. Presently, there may be small variations from the standard rate. However, the state must sanction all rates to avoid unfair competition. There are also certain clauses in the contract to prevent companies from wasting time, so that even when they are not operating they must pay rates.

ENVIRONMENTAL CONSIDERATION

According to Danish law, when a company is being established, the Harbour Board makes a study of the situation to determine the best locality. There are certain stipulations as regards the amount of heavy metals that are allowed to be discharged in the waste from factories. The municipality makes random checks on company sites to ensure that companies make the required tests to ensure that stipulated conditions are met. Records are kept in the companies' open files at their expense.

In an attempt to minimize noise pollution, noise control buffer zones are now being made by the port with dry polluted mud. Extension is done by the reclamation of land. It was stressed that where the noise level is too high, factories must move to facilitate people.

Reception facilities to deal with the discharges from vessels are mandatory. This is in keeping with the stipulated standards of the Danish Maritime Administration which is expected to reflect the standards of the International Maritime Organization. It is the Writer's view that the Port of Esbjerg has been responding positively to ensure that the maritime environment is protected. This degree of concern for the environment does not only rest with the fact that they have a very good fish port and their involvement in offshore oil and gas exploration, but it is occasioned by

a genuine interest in environmental issues which, a situation which is very topical in the Global Community.

SUMMARY

The central issues which were addressed in this chapter have reflected the fact that the port of Esbjerg has developed progressively because of two main conditions. The first is based on the fact that the State of Denmark has not failed to give that degree of support that was needed for the port to have a close symbolic relationship with the nation as a whole. This was manifested through the granting of subsidies and loans to facilitate infrastructure development and capital projects. The need for such involvement was endorsed by Tessier (1990), who argues that the establishment of public enterprises "reflects the concern of government to provide fair access to ensure essential infrastructure and the perception that there is, or has been a need for certain enterprises to have the safeguarding of public interest as their main goal rather than the straight forward "bottom line" concern of traditional private enterprise" [8].

The second condition involves the adoption of suitable management and operational procedures to ensure an effective and efficient operation. This has been done extensively through efforts at commercializing most of the services of the port and by retaining versatile staff who are well trained and committed. The extent to which research and development planning are pursued is

significant. However, one of the pillars for success over the past five years, is the way in which each staff is given a certain degree of responsibility and how this has accentuated an unparalleled degree of commitment in every department.

There are many lessons which developing countries such as Guyana could learn from the port of Esbjerg. The first lesson that could be learned is the fact that contrary to popular belief, public sector controlled ports could be profitable and at the same time respond to the socio-economic needs of the country. However, what is of crucial importance to this success is the extent to which governments are prepared to support certain projects and to what extent is the management of the port allowed to foster a course that is based on a true expression of professionalism and technical expertise without unnecessary political interference through cumbersome bureaucratic procedures.

The second lesson which could be learned is that there is always the need to formulate policies from the level of the state through by instituting the necessary legislation. This suggests that whatever issues are implemented should have a legal justification. Almost invariably, in some developing countries, it is extremely difficult to put into effect new strategies from the level of the port administration since these must first be sanctioned by the state.

Third, the extent to which training is developed in the port, or rather the extent to which emphasis is placed on training, is commendable. The fact that 3% of the annual budget of the port is utilized for training indicates the degree of emphasis which is placed on human resource development. This is indeed one of the greatest tools for the development of any organization and for the realization of efficiency all levels, from the ordinary worker to the managerial level. In the port of Georgetown, particularly in Transport and Harbours Department sometimes less than one percent of the annual budget is utilized for training.

Fourth, the structure of the port is simple and it allows for easy decision making. This could be of great benefit to small ports for it does not help in saving much needed financial resources but it minimizes overlapping in the execution of managerial functions thereby allowing for decisions to be implemented more quickly. The degree to which workers are allowed to participate in the decision making process gives them confidence and ensures that a sense of ownership is developed. In Guyana it often appears that Government's property is nobody's property. This could have a stultifying effect on the whole process of port development.

Fifth, the way Esbjerg has made provision for the preservation and protection of the marine environment is a good lesson to be learned and adopted. This is particularly important for developing countries given the fact that great importance is now being attached to the

marine environment from a Global standpoint. The use of reception facilities is considered as a prerequisite in keeping with IMO standards in the MARPOL Convention.

Another important lesson which could be learned relates to the degree to which planning is done. There is always evidence of proper forecasting based on trends in the shipping industry. Esbjerg started out as a relatively small port. However, today because of prudent management she has truly become one of Denmark's most important ports of diversified activities catering to the needs of the private as well as the public sector of the country.

There are of course many positive issues which Guyana may adopt as a means of promoting efficiency in the operations of the Port of Georgetown. The major issues seem to be the need for a policy framework which must be adopted by parliament through legislation as regards transport development as a whole, and port and shipping in particular. The Author is by no means advocating that every strategy or any strategy applied by Esbjerg must be used in his country in the same manner, for he is fully aware of the fact that there are a multiplicity of variations between Denmark and Guyana in terms of culture and levels of socio-economic and political developments. There are also variations in geographical and spatial configurations. However, despite these variations many of the underlining principles may be modified where necessary and applied where practicable. The time-frame could be adjusted if required. Nevertheless, for the port of Georgetown to respond in a positive and efficient

manner to the demands of internal, regional and international shipping and at the same time reflect the nation's economic policy, it must be restructured. The suggested approach in this regard is addressed later in this research. However, it is hoped that this case study would serve as an impetus in setting the stage for the carrying out of feasibility studies relative to the adoption of strategies for the development of the port so that it could better respond to the national economic needs.

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CHAPTER FOUR

PORT PRIVATIZATION A POSSIBLE OPTION FOR GUYANA

In this chapter a serious attempt is made to examine the merits and demerits of port privatization. However, from the general information presented, there are expressions relative to future possibilities for Guyana as she attempts to foster the development of a port system that will respond positively to the society's economic and development needs.

Privatization is by no means a recent phenomenon. In fact, it is said to be the oldest and original form of enterprise. It has emerged from Liberal Democratic theory and it has been tried successfully in many western societies at the level of the state. This concept however, has taken on new meaning or rather it has gained momentum with the disintegration of the Socialist/Communist System in Eastern Europe. While Marxism espoused certain useful tenets, one could argue that the interpretations and subsequent application of this theory fostered a system that was undemocratic and counter productive. However, the very sobering question that needs to be considered is whether privatization will produce the answer for the multiplicity of economic difficulties which once characterized countries with a planned economy. It should be observed however, that the answer cannot be found in a theory but rather in the

structure of productive forces in a way that guarantees efficiency and enhanced production relations both being for the promotion of the nation's interest.

Although there are existing conflicts and apparent contradictions, the concept privatization, has not only been widely used, but it has been adopted and interpreted to be a useful system for the efficient operation of the modern port and shipping industries of the world. Therefore, the involvement of the private sector in these industries has become fashionable, and it seems to be the best possible system, particularly with the "rapid growth of containerization where ports world wide are expected to provide a high quality of consistency of service in the through-transport cycle" [1].

The growing concerns among governments that formally controlled their main ports, are premised on the development of forms of port administration which will enable their ports to respond positively to competition in international shipping. This had become necessary because those ports which were under total public ownership and control were offering poor quality service and were administered by state bureaucratic structures which were incapable of informing themselves. In some Third World countries this situation persisted from the colonial era, for at independence they mainly continued the existing port system and never sought change. This passive degree of complacency has been known to yield results that were never consistent with what was required for real growth and development.

To alter the above, it has been established that "injections of cash, management changes and reorganization will not guarantee the necessary improvements in performance. A structural change is seen as the solution and this has been a major attraction of privatization" [2].

Any structural change however, should be approached cautiously given the fact that to attempt to change an existing structure whether it's the government's economic policy or ports and shipping enterprises, can have far reaching economic and social consequences. People quite often reject new ideas. They treat them with bitter skepticism. In short, most people reject changes. This is understandable for man it is said is not like an institution. The latter you can break and build but man takes time to change. Therefore, in reshaping organizations it is crucial that people be fully sensitized as to the full extent and magnitude of the task to be under-taken as well as the degree of sacrifice that is necessary for the realization of the broad goals and specific objectives.

According to Zofia Sawiczewska (1992), Changing the ownership of the Polish maritime sector will bring new ideas and new solutions to problems with the structure and organization of the previously state-owned and centrally regulated company. 3

While the above was considered to be an urgent task facing the Polish Administration, the approach must be gradual. Privatization seems however, to be the only

answer for the realization of the required capital. The contention is, that a return to private ownership as quickly as possible and on as large a scale as possible, where the shares are divided among the adult citizens through the sale of state bonds, will not only generate capital, but people will be more committed to the economic success of the enterprise.

Sawiczewska further argues that this change will mean that for the first time the firm will enjoy being independent, self financing and fully responsible for its activities [4]. This idea of making people more responsible is a subtle way of getting them more committed to the execution of their duties, hence, the achievement of the specific objectives of their department.

However, it should be noted that while Sawiczewska upholds the view that change is necessary, he publicly agrees that while serious limitations may be found in the power of the state administration to rule and regulate state enterprises, it will not be pleased and will be reluctant to relinquish its influence very quickly [5].

Here again the implicit conflicts and contradictions in structural change are manifested. The solution for resolving this situation must be ascertained not according to a fixed model, rather, by approaching and dealing with each situation on its merit.

When embarking on port privatization, the external economic policy of the nation must be considered, for the underlying purpose of the port is trade. When privatization is contemplated with regard to the port and shipping industry, governments must recognize that the private sector is private

-profit motivated, whilst public policy may well have additional objectives [6]. This statement presupposes that the decision for privatization should be carefully studied.

In this regard, Benett (1992), argues that with respect to ports, the following issues are pivotal:

(a) Total privatization is not necessarily the only means by which to improve the sector's management and performance,

and

(b) If port privatization, whether full or partial is adopted, it must be approached not only from the ideology that private is better than public nor from the treasury point of view, reduced governmental costs and enhanced receipts, but also from the perspective of how best to promote trade and transport [7].

It is the Author's view that the above considerations are not realistic if the national interests are to be truly

promoted. In this regard, recommendations are made in chapter six of this research.

VARIED APPROACHES TO PRIVATIZATION

The extent to which privatization is adopted in the port and shipping industries in any country is largely based on the socio-economic, political situation of that particular country. According to Henry Revell and Bernard Vyryan (1992), there are at least four main privatization options for port operations, ranging from the least to the greatest involvement of the private sector. These are as follows:

- The establishment of a public sector port authority which would contract out to the private sector specific services such as stevedoring;
- A performance related management contract in which the private sector operating company would manage the ports independently of the government, but pay a fee related to throughput or revenue for the use of assets;
- Leasing of the assets to the private sector in exchange for a flat rate annual payment;
- The establishment of a joint venture company in which shares would be held: by the government in exchange for the port assets, and by the private sector operator in exchange for working capital and management expertise.

It should be recognized that the implementation of any of the above stated options will necessitate careful planning, the effective working out of the definitions of the situation so that maximum benefit could be realized by the government. Given the present socio-economic conditions in Guyana as well as the changes in political objectives of the government since 1985, and more particularly with the change in government in 1992, the Author wishes to suggest that the most practical approach for the country, is the implementation of the first option. Stephen Thomas (1992), in his dissertation stressed the importance of a port authority for Guyana given the present state of affairs with respect to the implementation of regulations. However, he did not take a direct position on the issue, he merely suggested what might be best for a nation to consider. The issue is not one of control but of the broader policy.

The above issue is subsumed in the contention of Nagorski (1972), that the government should give the port authority a mission to develop and administer the port in an efficient and cost effective way to facilitate the nation's maritime trade [8]. Essentially the main aim of the government's control should consist of insuring that the port is managed and developed in accordance with the economic policy of the country. That management will be honest and efficient, and national and public interests are fully safeguarded [9]. The way in which this form of port operation is organized is addressed in chapter six.

In summary, it should be taken as a given that there is no need for Guyana to be caught up in the mass wave of total privatization for it is by no means the only way to improve the quality of the management and performances of the port of Georgetown. There should be a compromise between government's objectives and the commitment offered in the private sector that may be oriented towards the promotion of managerial and economic efficiency within the country's maritime transport sector.

THE MERITS OF PORT PRIVATIZATION

Over the last ten years, privatization has become a major strategy adopted by governments as a means of stimulating their economies in general. In this regard Revell and Vyvyan (1992), suggested that privatization objectives in general have included the following :

- (1) Reducing the public sector involvement in the economy by successful transfer of public enterprises to the private sector.
- (2) Increasing economic efficiency of enterprise activity by,
 - removing government interference and guarantees
 - subjecting enterprises to more competition and the discipline of private sector capital markets;

- instilling greater discipline into public sector trade unions;

(3) Promoting wider share ownership;

(4) Raising money for government and improving the external debt position [10].

Renell and Vyvyan further suggested that there are certain key mechanisms that are associated with privatization which could significantly improve the performance of ports and the public sector in general. These are as follows:



- (a) the transfer of ownership through sale of assets from the public to the private sector,
- (b) the removal of statutory or other prohibitions on the private sector competing with the public sector,
- (c) the substitution of private contractors for the in-house production of goods or delivery of services by the public sector with or without the transfer of assets,
- (d) the substitution of user charges where beneficiaries pay directly for services previously financed generally by taxation and

- (e) the retention or introduction of activities into the public sector, where it is not appropriate or practical to transfer them to private sector management (functions such as security) [11].

The above aims are all generally accepted by all governments which embark on port and shipping privatization. However, these are utilized to different degrees based on the extent to which privatization is applied to these industries or to the public sector as a whole. The reason why the writer adopts such a broad view is because the restructuring of a port system is not just confined to port operations, but it responds to broader national policies as well as ideological considerations.

Jean Michel Tessier (1990), in his article entitled Bottom of the Bottomless Purse, expressed similar views to the fore going with respect to the practical benefits of port privatization. He contends that:

- (1) Selling government's interest in corporate holdings improves the efficiency of the organization by subjecting it to the forces of the market place.
- (2) Privatization creates a fairer market as it eliminates the tendency by Crown Corporations to consider the government as a bottomless purse.
- (3) Privatization reduces the demand on the public purse for meeting the financing requirements of

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Crown Corporations, and

- (4) Privatization ensures that decisions in companies are made on the basis of economic and not political considerations [12].

Based on the writer's own experience much of what has been put forward by Tessier are accurate conclusions. The efficiency of public enterprises, or to be more specific state owned ports, is affected by the rigid involvement of the political directorate in the administration of the port. Decisions cannot be taken promptly and there is an abundance of "red tape". There is also the tendency for the bureaucratic structure to be top heavy and a general tendency to protect the inept and the incompetent. This widespread clientilistic approach has been known to stultify production and productivity and impede general progress. As was pointed out earlier in this research, managers should be allowed to manage, and the major objectives should take preeminence over the political gains of self centered individuals whose motive is basically to guarantee further political mileage.

With continuous subsidization by the state, the controlled port administration is often prone to lethargy because there is no apparent pressure on it to earn its keep. Of course the writer is not trying to impose his own views, but he must address the situation objectively being also conscious of the fact that control systems could also yield positive results. Notwithstanding the fact that there are many individuals who do not feel any

sense of responsibility in some public enterprises. Some-times it becomes necessary to allow the economic force to take priority over the social, for it is quite possible that with economic advancement, the social will become enriched. Perceived wisdom has it that public sector will always tend towards inefficiency, since it cannot go bankrupt and therefore has no compulsion to compete or to excel [13].

During the Author's field training program he was able to get the views of some port operators who reflected on the benefits of privatization in their organization. Although the government maintains fifty-one percent of the total shares i.e. in the ports of Bremen and Bremerhaven in Germany, there is a great degree of autonomy given to the company that assumed responsibility for their operations. The base of operations is focussed on increased production and productivity. It is therefore obvious that the structure of the management is profit oriented. The lesson that could be learned here is that while the government could have the greater part of the capital invested, it allows relative autonomy to the operators. This facilitates expediency and efficiency in the general day to day operations of the company and it underlines success in the operations.

Here again it seems that with private and autonomous management within the port systems better results are achieved. As a matter of interest, it should be noted that, at Bremen and Bremerhaven a high premium is placed on quality management. Consequently, they buy

professionals as a means of guaranteeing efficiency and workers are allocated according to their competence. Essentially, there is a well organized and thorough organizational structure. Based on enquiry, it was discovered that small organizational units are often better than massive bureaucracies. The attrition rate is less and the efficiency is greater. Important decisions could be made quickly and executed promptly. However, overall success could be attributed to the fact that the goals of the port are clearly defined and the objectives are operationalized, i.e. they are measurable.

As a means of reflecting the benefits of the privatized port system a useful reference needs to be made to the attempt at port privatization in Malaysia in 1983. The Malaysian Government decided to privatize the most profitable part of port Kelang, its container terminal. This decision was premised on two main reasons. These are as follows:

- (1) As a means of getting public support for a wider programme of divestment.
- (2) There was a great need for improvement in order to better respond to the needs of international shippers who may have lost confidence in the port because of its poor performance.

The plan was to sell fifty-one percent of the shares to the private sector with the other forty-nine percent being retained by the port authority in the initial

stages. However the ultimate plan was for the Government to only retain twenty percent of the shares once the operation was profitable. The following was a reflection of the how the equity was eventually divided:

- Port Kelang Authority	20 %
- New Private Company	40 %
- Employees of Kelang Container Terminal	5 %
- General Public	35 %
Total	100 %

The private company was allowed to lease the land for a period of twenty- one years to facilitate the operation of the terminal.

The most difficult problem that faced the authorities in 1985 after the whole programme was implemented was the labour force. In an attempt to overcome this problem the following options were given to the employees:

1. Depending on their employment status, they could choose to terminate their employment with the port authority and be given a lump sum severance package and/or early retirement with pension benefits.
2. Remain as employees of the port authority and not join the new company, thus retaining their civil servant status.
3. Join the company which had the obligation of accepting all employees who had been previously working with the

container terminal. The conditions were supposed to be either equivalent to or above what was previously available. In addition employees were guaranteed employment for a minimum of five years.

Almost all of the employees opted to join the new company and they were subsequently given the assurance by the Government that they would not be worse off by working with the private company. This was stipulated in the contractual obligations of the private operator which was an Australian company. Promotions were more realistic since they were linked directly to job performance with the primary aim of improving productivity. Statistics revealed that between the period 1986 and 1990 the TEUs in port Kelang improved by one hundred and five percent.

It was noted that a number of factors contributed to the success of the port of Kelang. These included the following:

1. Reduced administrative and bureaucratic problems such as lengthy procedures for decision making, less interference from the government in hiring and firing decisions, wage and salary negotiations and decisions about new investments,
2. Productivity incentives created for workers and managers by directly linking benefits to performance,
3. Whereas before, the civil servants had no financial stake in the company and therefore were not well

motivated, the new company's owners had a great interest in commercial profitability of the terminal as shareholders.

THE DEMERITS OF PORT PRIVATIZATION

It has long become an accepted view that when the broader national, social and economic objectives are considered, the public sector can have a proper role in undertaking investments and developmental strategies to tap the broader socio-economic benefits that ports can bring [12]. This is of prime importance when investment in the assets themselves may not be attractive to private sector operations.

The question that should be considered here is to what extent are privatized ports willing to respond to the national economic objectives. Since their major preoccupation is to harness profits it could well be that they may under-play or pay little heed to social cost benefit analyses and environmental impact assessments when designing developmental and expansion programs.

In private ports the emphasis is on the retention of as small an operating staff as possible, as a means of cutting down on employment cost. Based on the writer's own experience, it has been observed that wherever there has been a change over from public control to private control, the work force reduces as much as by five hundred percent. The focus seems to be on "less men and

more brains". While it is good for a port to have highly skilled individuals and an automated system of operation, one cannot negate the fact that the port should also contribute to lessening or easing the burden of unemployment from a national stand-point. Very often state owned enterprises are created : in order to reduce unemployment, therefore it not unusual to expect a situation where an excess number of people are employed. This has been the case of a number of Socialist countries of the world such as the eastern bloc. However, to dwell on this issue of the social cost benefit, will in a way distract from the major focus of this research.

One should never lose sight of the fact that the establishment of a public port in the first instance was a reflection of the government's concern to provide a service that will be fair and at the same time guard the "public interest". Essentially, public enterprise has been seen as a tool and facilitator for economic development [15].

The main intention of the above was to prevent the difficulties of abuse and exploitation by private operators who establish monopolies. In addition there is the fear that the control of a formerly state controlled port or enterprise will be controlled by foreigners who do not have the interest of the natives at heart. Perhaps it is useful to assume that because of the relative importance of ports to the economies of some Third World countries, they should be controlled by the state. It is interesting to investigate whether the option of

privatization was chosen because of efficiency of operations or whether it has come as a response to a purely ideological concern. In this case it would be even more difficult to say in particular instances whether it was a worthwhile undertaking.

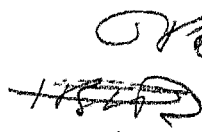

Jean Michel Tessier (1990), contends that although privatization has been important both in restructuring the economy and as a symbol of our time, deregulation has been a more important agent of change and it is not without irony that in the process of privatization, Britain had to institute a range of new regulatory bodies in order to control the behaviour of the newly privatized monopolies [16].

Before concluding this section it is useful to reflect the view of Michael Bennett (1991), who contended that privatization is not the only way to guarantee efficiency. He asserts that "in the international port community there are numerous highly competent public professionals who are extremely knowledgeable about the transport industry. They know what is required and they can perform just as long as they are given the same responsibilities, authority and freedom from regulatory interference that the private sector would demand prior to investing in any port [17].

The author supports this view strongly and he deals extensively with it in chapter six where he examines a useful approach to suit the situation in Guyana.

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CHAPTER FIVE

INTERNAL AND EXTERNAL ENVIRONMENTAL CONSTRAINTS RELATIVE TO PORT DEVELOPMENT IN GUYANA

There are often certain key variables which must be considered and addressed when ever an analysis is made of the whole process of port development, particularly in developing countries. These variables are both within and without the port environment and these may be identified at the macro as well as the micro levels.

The location of the ports in Guyana is reflective of the purposes for which they were established. At this point it is necessary to re-emphasize that these purposes were all aimed at the need for transshipment of bulk commodities to Great Britain. Historically, Guyana was under British Colonial domination; therefore, any form of port development, whether infrastructure or superstructure, were dictated by the Governor who was carrying out the dictates of the British Government.

It is therefore, very easy for one to ascertain as to the rationale for establishing the ports of Georgetown and New Amsterdam at the estuary of the Demerara and Berbice rivers respectively. These are two of Guyana's major rivers and they both serve as easy access points to Guyana's territory. In addition, they are part of the counties of Demerara and Berbice which are the most

populated counties and they account for five of Guyana's six towns. However, the issue of population distribution is not the major determinant since population density in these counties is a reflection of the presence of the port from an historical standpoint, and the nature of the economic activities from an economic standpoint. However, the crux of the matter is, that the ports are located at these points as clearly mentioned in Chapter One, as transshipment points for sugar and bauxite which historically were Guyana's two main export products.

In the nineteenth century, when these ports were established ships were not as large or as sophisticated as they are today. Therefore, the berths and existing physical conditions were suited for vessels of shallow draft. With the rapid improvement in technology in the twentieth century and the improvement in the shipping industry of the world, it has become impossible for Guyana to accommodate large ocean going vessels which require in excess of 6.9 meters draft. It is important to mention also, that for the maintenance of a 6.9 meters draft in the channel, there is great need for continuous dredging to facilitate easy navigation for handy size vessels. The estuaries of these rivers are always silted because of the deposits of the rivers' load from upstream. However, it is not the writer's intention to deal with dredging for his colleague Stephen Thomas (PSA 1992), dealt quite extensively with this problem in his dissertation on, A PORT INFRASTRUCTURAL DEVELOPMENT PLAN FOR THE FACILITATION OF BAUXITE FROM GEORGETOWN GUYANA.

The major problem which face the port of Georgetown, which is the focus of this research, is the fact that after Guyana became an independent nation it was taken for granted that the pre-existing system of port operation was sufficient. There was no serious examination of the possibility for expanding or re-locating the port, or constructing a deep water harbour to facilitate regional and international shipping. Port planning and development was not seen as an ongoing process. Some of Guyana's Caribbean neighbors have modified their ports to respond to changes in ship technology and international standards. The time is ripe for development of a shipping policy and the implementation of a strategy for port development and effective administration.

THE ECONOMIC POLICY OF THE GOVERNMENT

From 1970-1985, the Government controlled approximately seventy-five (75) percent of the economy. As was pointed out in Chapter One, the economy was rigidly planned because of the Government's ideology of Co-operative Socialism. It was felt that the major resources of the country should be owned by "the people for the people". Both the sugar and bauxite industries were nationalized. Consequently, the Government became the largest employer of the country.

Other essential industries were also under Government's control such as ship building, the Guyana Timber

Corporation the Guyana Rice Board etc. The motive behind all of these governmental enterprises was the idea of the creation of a nation state where the entire nation would become committed to the development of the country through the notion of political socialization. Education became free from Nursery to University level and medical facilities were available free at the Government hospitals and regional health centres.

Between 1973 and 1975 , there was a boom in the sugar and bauxite industries. This of course did have an impact on the shipping industry as well as on the port. Suffice it to say that these were also under government control. However, with the impact of the oil crisis in the 70's and the trade embargo that was subtly introduced by the United States Government, particularly under the Reagan Administration, the economy was doomed to failure. To add "insult to injury", financial assistance from international financial institutions was blocked or vetoed, and Guyana was not included in the Caribbean Basin Initiative, a facility that was introduced by the United States Government to facilitate economic development in the Caribbean region. The signal was clear from Washington's standpoint that no other form of socialism would be tolerated in the region that was perceived to be geo-politically strategic to the U.S.A. or within the American sphere of influence.

The choice of the planned economy as a strategy for development in Guyana was a very risky choice in a region where the U.S.A. was exercising her influence ever since

the propagation of the Monroe Doctrine in 1823 and the initiation of the Alliance for Progress in the twentieth century. It is not the writer's intention to do a political analysis here. However, when one is looking at the economy of any state, some form of political analysis becomes inescapable, for politics and economy are virtually inseparable.

It should be noted however, that while Socialism may have some good tenets, there are certain elements which may prove counter productive to the whole process of economic development. The analysis of this prevailing condition is necessary for the stultification of port development and efficiency must be viewed in this particular context. It is easy, therefore, to conclude that in an economy where there is little economic progress and a denigration of social services, port development will be on the "back burner". This is the situation in Guyana. However, it is anticipated that with the implementation of economic reforms the Government would give greater attention to port development projects.

STRUCTURAL IMPLICATIONS

At this point it is useful to reflect some of the negative structural impacts of the economic strategy implemented by Government on the country as a whole and on the port of Georgetown in particular. Before proceeding, it is useful to define a state owned enterprise so that a true picture would be gotten of the

structural elements. A state owned enterprise is (a) a government owned productive organization that is (b) expected to earn a significant portion of its revenues from the sale of goods or services it produces, (c) possesses an accounting system separate from any government agency that controls or supervises, and (d) is a distinct entity [1].

The state owned enterprises in Guyana were and still operate under a system that fits the above definition. However, while it may appear that there is a great degree of autonomy because of the stated principles and implied objectives, this is not the case. There is a significant degree of political influence and control. Very often managerial initiatives are stifled because they were not consistent with the political mandate. In these circumstances, development is affected, production drops and efficiency is curtailed. Some pundits have attempted a gross over-simplification by concluding that the major problem is associated with the management of the Transport and Harbours Department which has been given the mandate to manage government vessels, and be charged with the control, improvement, lighting and regulation of the harbour of Georgetown and the other harbours of Guyana and the approaches thereto [2].

The management is not given the full autonomy that is necessary. Although the Harbour Master is under the dictates of the General Manager, efficiency could be realized if the department is allowed to operate as a business. As was pointed out earlier in this research,

at the port of Esbjerg, the Harbour Master is supervised by the General Manager and the system is very efficient because of the degree of autonomy that exists. It is not that the port of Georgetown or any other public enterprise lacks the skilled personnel to perform efficiently, but they lack the mandate and the capital resources that they need to improve the system.

Before decisions could be implemented, there is usually a lengthy process. The proposals must be sent by the Transport and Harbours Department to the Permanent Secretary, then to the Minister, then to Cabinet. After long discussion and debate it may take months before implementation. This reflects the popular view that when the port is administered by cumbersome bureaucracies, it tends to be inefficient for workers seldom feel that sense of responsibility and ownership. There may be a lack of commitment and very often the labour force is excessive.

DISBURSEMENT OF CAPITAL PROJECTS

Through the State Planning Secretariat in Guyana, limited financial assistance is made available for capital projects. These, however, are mainly for the repair of wharfs that are used for inland ferry services. This is in fact a limited disbursement which is in fact a subsidy for the social services rendered by the Transport and Harbours Department to Commuters living in the out-lying areas of the country. This disbursement ranges from 1.5

to 2 million Guyana dollars or approximately fifteen thousand United States dollars. The short fall in all capital projects must be met by the department from its current revenue.

In order for the port to develop, the Government would have to take a more active role in infrastructure development. However, this has implications since a significant part of the port area is privately owned. (Thomas (1992) has outlined the number of privately owned berths in the port of Georgetown).

DOCKING FACILITIES

Guyana has two dock yards. The larger one is controlled by the Guyana National Engineering Corporation (G.N.E.C.) and the other is operated by the Transport and Harbours Department, i.e. the Mazaruni Dock yard. The former undertakes the docking of the large national ferry vessels as well as privately owned ships. Ships are not only maintained but, some are built by the corporation in consultation with experts from foreign ship yards such as Damen shipyards in the Netherlands. Since the Government cannot afford to buy ships, the role of G.N.E.C. is very significant in rehabilitating old vessels to facilitate the inland and regional trades.

The Mazaruni Dock Yard is not operated as efficiently as the G.N.E.C. because of a number of constraints. Firstly, it is located in the Mazaruni River about seventy miles

from Georgetown. Therefore, skilled personnel are reluctant to leave Georgetown to work in the rural area. In addition to this, there is little or no motivation. The salary scale is tied to the Public Service, salary regulations and conditions of service. This is very unrealistic, therefore skilled workers are not motivated to work. The attrition rate is very high. Consequently, jobs undertaken take a very long time to be completed and sometimes the quality is not up to stipulated standards. The length of time taken also affects the final cost. The Author did have the opportunity to visit the Dockyard on a number of occasions along with Trade Union representatives to ascertain the causes as to the steady decline of the workforce and to suggest. The recommendations of his committee were submitted to the General manager of the Transport and Harbours Department.

Over the years, T & H.D. has had a very useful apprenticeship scheme which trained many young people to serve on the ships, in the Central Workshop and at the Mazaruni Dock yard. This scheme has been doing quite well in terms of the production of skilled workers. However, it is regrettable to mention that after the five years training period comes to an end, most of the trainees opt to work in other organizations where the remuneration is better as well as the conditions for service. Since the training scheme comes directly under the purview of the writer, he thought it best to study the operations of the Damen Shipyards in the Netherlands as a means of adopting strategies which might be helpful to himself as well as the T & H.D. as it relates to

training as well as docking conditions.

The operations of the dock yards are crucial to the port services, particularly the shipping department. Therefore strictest care should be taken to ensure that they respond to the national economic needs of the society. For this to happen they must be able to retain the skilled people who have been trained at the Government's expense and adopt strategies to improve their operations. While the management of T& H.D. and G.N.E.C. are both committed to national development through their training schemes, the retention of qualified staff to carry out the daily operations is quintessential for progress and development.

STRATEGIES ADOPTED BY DAMEN SHIPYARDS TO GUARANTEE EFFICIENCY

Damen Shipyards in the Netherlands have adopted a number of strategies as a means of being more efficient. In this section a number of these strategies are outlined. It is the writer's view that some of these may be adopted by T& H.D. and G.N.E.C. relative to administrative framework. It is easy for Section Heads and Senior Staff to meet with the Director to discuss any problem that may arise. This is allowed outside of the scheduled weekly meetings. Once per month the Managing Director meets all staff for a "frank", open discussion, usually on a pay day. This gives the employees an opportunity to express their feelings on any issue that might be affecting them

and they could also suggest ways by which they think the system could operate more effectively. In the Transport and Harbours Department, the General Manager meets the general work force once per year at a "Workers Conference". This has been known to yield positive results since it is an effective means of transmitting ideas.

The Engineering Department which is considered as the life blood of the Dock yard, is well organized. It is comprised of the following sections.

(a) Standardization Department

This department is responsible for improving the existing parts that are used and introducing new developments. It has developed a data base and each part has a number or specification. An archive has been set up which supplies documentation for classification societies and national authorities. There are also plans to implement quality management in keeping with the ISO 9000 series.

(b) Technical Automation Department

This involves the designing of computer systems to facilitate the effective operation of the entire system. Models are also designed and updated to meet current needs in the new building industry.

(c) Research Department

This department is very important for there are continuous efforts to ensure that there is identification of problems, the collection of new ideas in construction, propulsion etc. which could enhance the quality of service of the whole system.

(d) The Reproduction Department

Each group that is involved produces drawings and designs. There is also a specification of parts.

The work of these departments are very important for if any detail is not correct it affects the final product, that is the ship, and this could damage the reputation of the entire industry. The staff is however, well trained and well paid. Therefore, there is a high degree of motivation. Consequently, the attrition rate is very low.

When the Administrative Director of the industry was asked why the industry was so efficient and successful, he stressed the following:

- (1) The yard has an ongoing training program for apprentices. However, the apprentices have the right to decide whether to stay in the yard or not. This, he claimed, is part of their obligation to train young people so that they could make a contribution to national development. Therefore, when things are

bad in ship-building, Government offers some degree of protection through tax incentives.

- (2) Some services are contracted out whenever they can be done at less cost and more efficiently by outside contractors. However, strictest care is taken to ensure quality control, since the reputation of the yard will be at stake if the job done does not meet the required standard.
- (3) There is good interaction at the informal level between Departmental Heads. This allows for projects to proceed quickly for it minimizes "bottle necks" in the production system. This is referred to as effective horizontal communication.
- (4) The computerization of the system has had a positive effect on the quality and efficiency of the operation. The drawing room operates more quickly and accurately. This, however, carries a cost and it involves a constant up-dating of training and expertise. It seems as though the realization of efficiency carries a cost.
- (5) Cost benefit analyses are done. He explained that when something is positioned wrong there are three costs which ensue; (a) the installation or initial cost (b) the removal cost and (c) the relocation cost. The cost per hour has a multiplying effect for labour cost is between sixty-five and seventy-five Guilders per hour. With such high labour cost ,

efficiency is necessary. "The lower the multiplier the longer it takes to be efficient". However, it is a gross over-simplification for one to conclude that higher wage will guarantee better quality, automatically. There must be consideration of other variables as well. Essentially, better salaries and conditions of service must be consistent with the quality of the final product. Here is where prudent management becomes applicable.

- (6) Proper forecasting is done based on trends in the market situation.
- (7) Workers are given incentives at the end of the year based on the performance of their departments. However, where a department continues to fail the manager is "fired" (dismissed). The system is task oriented and at no time does one section subsidize another except through a direct managerial intervention where the situation is not as a result of the poor performance of the section that has fallen short.
- (8) Given the level of performance and the quality of the working conditions there is little problem with trade unions, for workers are reluctant to be involved in trade unions. A satisfied worker has no need for a trade union. The conditions of service in this dock yard are consistently reviewed and updated to meet current trends in the society. There is no fixed salary scale as each worker is paid a salary that is

calculated based on his skills and performance.

- (9) There is an ongoing evaluation and monitoring of every project to ensure that it is going according to planned objectives and cost analyses.

The above are some of the ways by which efficiency is realized in the Damen Ship Yards. Although it is a private enterprise it furnishes some ideas on policies, which may be modified and adopted even by Governmental enterprises.

The Author wishes to suggest that there should be a new approach to the management of Mazaruni Dockyard which allows for a certain degree of private involvement as it relates to the improvement of current skills. Given the shortage of skills and the reluctance of engineers to leave the urban centres to work in the rural areas; the Dock Yard could be rented out to private operators periodically. These changes will help to foster development in the Transport and Harbours Department thereby affecting the port in a positive way. Of course this does not mean a displacement of the skills that are available, they could still operate in conjunction with the private operators. Proper contractual agreements should be put into place because the local skills will be required whenever departmental vessels are done. However, even in this respect it may be better to contract out such services but with the local engineers retaining those aspects which they could handle best.

CONFLICT OF USES OF PORT AREA

The port area is owned by the state, the municipality and private companies. As a result of this diversity in ownership there is uneven development, a situation which affects the over-all operation of the port.

The port area is congested with various forms of business operations. This means that there is not much room for expansion eastwards because of the location of Water Street, one of the main streets in Georgetown which accommodates business places, saw mills, hotels, etc. This under-scores the need for the establishment of a unified body which comprises the municipality, the public and private sectors to administer the port of Georgetown.

The writer, in an attempt to identify the major problems which affect both private and public companies in the port, and pre-test the possibility for the improvement of the port and shipping services in Georgetown, administered the following questionnaire.

Questions For Consideration

- (1) What has been your capacity shipping according to tonnage over the last three years?
- (2) Do you envisage an improvement in this respect in the near future?

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- (3) What has been your major difficulties with respect to shipping?
- (4) What steps have your Company taken to ensure efficiency with respect to its operations?
- (5) What plans do you have for the expansion of your operations and what difficulties do you envisage may retard progress in this regard?
- (6) Could you give an estimate or make an assessment as to the loss incurred by your Company over the last three years as regards delays to vessels, etc.
- (7) What are your views on the industrial relations climate in the port of Georgetown and to what extent does it impact on your operations?
- (8) Should Government offer more subsidy to port infrastructure development in the port?
- (9) Are you satisfied with the quality of the pilot service in the port? If your answer is no, what strategies would you suggest for its improvement?
- (10) How should the port be managed, or what form of management should the port have?
- (11) Should stevedoring be controlled by the government or should it be operated by private companies?

- (12) Should training and certification of seafarers and port engineers be the responsibility of the Government or should it be privately controlled?
- (13) Should the port of Georgetown be expanded? If yes, why?
- (14) Should the port move towards the establishment of a deep water harbour?
- (15) Should the port of Georgetown be relocated as a means of accommodating larger ships?
- (16) Would you support the establishment of a port authority in Guyana?
- (17) If the port is developed and the berthing system improves immensely to the extent that larger vessels are able to call at the port, what would you say in real economic terms will be your company's advantage?
- (18) What is your assumption as regards the imports and exports through the port over the next five years given the present trends in the national economy?

It is not possible because of the paucity of time to contact or interview all the companies which operate in the port of Georgetown. However, the principal operators such as the Guyana National Engineering Corporation, G.N.E.C., the Guyana National Shipping Corporation, the

General Manager, Transport and Harbours Department, the Bauxite Industry Development Company, (shipping department), John Fernandes LTD. and Brenco Shipping were interviewed. This is a relatively good representation of the public sector enterprises as well as the private enterprises.

In the following paragraphs an analysis is made of the various responses from the companies which were interviewed. Since many of the questions required more than a yes or no answer, it is not possible to reflect the responses on a matrix or graphically. However, a summary is made of the central issues that were addressed and the requisite conclusions drawn.

The Guyana National Engineering Corporation has also been involving in other forms of commercial activities apart from ship building and repair. Through its Traffic Department it operates as a shipping line agent. The main activities of this department are as follows:

- General cargo and container logistics principally based on G.N.E.C.'s shipping links.
- Storage and transportation network on land.
- Specialized transport; such as transport of heavy equipment and machinery.
- Ship and Customs Brokerage.

- Pilotage and River Navigation.

- Equipment line.

- Freight solicitation.

These activities are grouped under three distinct areas, Ship Brokerage, Agency and Husbanding and Terminal operations. Through the terminal operations efforts are made to ensure an efficient and effective service as it relates to berthing, cargo/container logistics, storage and transportation. However, the handling capacity for containers is not great. The Department handles about ten (10) containers per hour.

Like G.N.E.C., Guyana National Shipping Corporation also involves in brokerage, ware-housing, terminal operations and chartering to a limited extent. They handle about 4000 to 5000 containers per year.

Containers handled by John Fernandes LTD. for 1991 and 1992.

YEAR	INCOMING		OUTGOING	
	20'	40'	20'	40'
1991	1953	405	1123	56
1992	1930	785	729	132 [4]

DISTRIBUTION IN TONS

YEAR	INCOMING	OUTGOING
1991	63 934 tons	28 684 tons
1992	69 994 tons	35 690 tons [5]

John Fernandes is a private shipping company which has been constantly improving its service over the years. What is significant to note is that approximately 50% of the incoming containers go out filled per year. This holds good prospects for containerization in the future.

BAUXITE SHIPPED BY BIDCO FROM

1988 TO 1992 IN TONS

YEAR	CALCINE	METAL-GRADE
1988	420 000	604 000
1989	347 000	728 000
1990	305 000	872 000
1991	353 000	731 000
1992	210 000	458 000 [6]

Although there has been a steep decline in the quantity of bauxite shipped for 1992, it should not be concluded that this will be the trend in the future. Presently, the management of the bauxite industry is being restructured. With these changes, it is envisaged that new technology will be available and better marketing done. This means that ultimately, more bauxite would be exported in the future.

The information which was presented in the previous paragraph was a response on the first question in the questionnaire. The statistics which were presented were the only ones which were available at the time of the interview.

In response to the second question in the questionnaire, every respondent expressed the view that there may be an improvement in their tonnage handled for the next five years. They explained that as a result of the Economic Recovery Program which was initiated by the government, through structural adjustment mechanisms, there is likely to be an increase in foreign investments in the country. Consequently, both imports and exports will increase. The concept of privatization is catching on and the government is moving rapidly towards a free market economy.

In response to the third question it was noted that both the public enterprises and the private sector have experienced major difficulties with respect to shipping through the port of Georgetown. These difficulties range

from physical to economic. It was the consensus of opinion that the shallow depth in the channel makes it prohibitive for vessels in excess of 27000 Dwt. to enter the port of Georgetown. This problem has a more severe impact on the trading of bulk commodities, particularly in the case of bauxite. The Bauxite Industry Development Company (BIDCO), is concerned about this because economies of scale cannot be realized since the physical conditions do not allow for Panamax size bulk carriers to access the Guyana channel. Thomas (1992), noted that even though the smaller vessels were used to transport Guyana bauxite, their full capacity was not utilized. Their maximum load at departure was approximately 10 000 tons cargo and a draft of six meters [7].

Another major difficulty that was stressed is the poor condition of aids to navigation which are essential guides to mariners entering port Georgetown. The respondents agreed that the Transport and Harbours Department has made every effort to ensure that these aids are positioned. However, the problem is vandalism. The co-operation of the River Police and Coast Guard should be sought to ensure that appropriate surveillance mechanisms are put in place to overcome these existing difficulties. The writer is optimistic that with the efforts of a national committee being aimed at the protection and development of the marine environment this problem will be circumvented.

The loading rates for vessels seem to be very slow for Government enterprises. This caused the demurrage

charges of BIDCO to be approximately two million US dollars between 1991 and 1993. The problems in this regard are not only associated with the stevedoring activities, but, the quality of the loading and off loading equipment in addition to delays caused by poor draft and some times unreliable pilotage. There was a call made for the establishment of a pilots association and the promotion of stevedoring companies.

Some respondents also felt strongly that the demurrage should be lowered from \$2 US to 5 US dollar. They also noted that the freight rates are too high. This causes a negative impact on their operations from a micro stand-point and it also has a negative impact on the country's balance of payment when viewed in a macro context. They argued that there should be a more systematic approach in dealing with these critical issues. In this regard it was suggested as a means of promoting shipping, there should be some way of having a unified approach with respect to trade matters between the private and public enterprises. This would involve the formulation of a better port structure.

With respect to the fourth and fifth questions the respondents expressed a great degree of optimism. In this regard it should be observed that the expansion of the operations of the various companies in Georgetown is premised on two major concerns, the availability of finance and space. GNEC believes that if the organization could obtain a better stacker for the container terminal, the efficiency will improve ten (10)

fold, but at the moment the cost is prohibitive. Already, there is a problem of space for the stacking and storage of containers, particularly in the case of the private operators. The need for specialized operations in the future may help to solve some of the existing problems.

Information was not available for question six (6). The respondents however agreed that substantial sums of money were paid for demurrage. BIDCO suffered the greatest loss in this regard. For 1991 the Company suffered 37 days delay which resulted in a cost in excess of two hundred thousand US dollars.

QUESTION NO. 7 - THE IMPACT OF THE INDUSTRIAL RELATIONS CLIMATE

The responses to question seven (7) were somewhat frank, given the traditional role of trade unions as it relates to dock workers. Historically, the water front workers and transport workers generally, have been represented in Guyana by very strong trade unions such as the Guyana Labour Union and the Amalgamated Transport and General Workers Union. The founding Father of the trade union movement in British Guiana, the Late Hubert Critchlow, was a stevedore. Since the early twentieth century, (1905), he was organizing stevedores and he succeeded in establishing the BGLU as the first registered trade union in the British West Indies. Ever since that time trade union militancy has become a significant feature in the

work ethic in Guyanese society.

It could be argued that despite the fact that trade unions have been offering effective representation for their members through the principle of collective bargaining, there is a relatively stable industrial relations climate as it relates to the port of Georgetown. However, trade union representatives are concerned about the possible displacement of port workers with the continuing mechanization of the port through the expanding activities of containerization. The view is widely expressed that when stevedores are displaced they lack the skill and expertise to function in other jobs because of their low level of educational attainment. In addition to this the pension benefits for Stevedores is very low.

At times there are organized strikes by trade unions and work stoppages. These are however, overcome through union and management negotiations. Usually the basis for disagreement is better wages and working conditions. The occurrence of strikes at the private shipping companies is a rare phenomenon because the remuneration for private workers is usually higher than that of the government service. There seems to be sound justification for the formation and institutionalization of stevedoring companies.

QUESTION NO. 8 - THE NEED FOR GREATER INVOLVEMENT OF GOVERNMENT IN INFRASTRUCTURE DEVELOPMENT

The responses to question eight (8) had no variation. It was the general view of all respondents that Government should be more involved in infrastructure development. They stressed that, it is clear that there is no cohesive port infrastructure development program for the port of Georgetown. Of course this is understandable given the fact that the berths and wharfs (as illustrated earlier in this paper), are owned by the state, the municipality and by private companies. However the responsibility for the maintenance and development of access roads to the port, is the responsibility of the municipality. This task of maintaining the roads is becoming increasingly more difficult because of the shortage of finance coupled with the heavy demand on the roadways for regular traffic and the increasing transport of containers to inland centres.

The popular view is that the government should undertake full responsibility of ensuring that part of the revenue which accrues through the Harbours, be re-directed towards extensive dredging and other forms of infrastructure development. However, this situation will necessitate a relative degree of restructuring which ultimately will underscore the need for political decisions. Should this situation be addressed, then government would need to take a few urgent steps. The first step will involve the release of funds (subsidy) for the inland ferry services which are currently

subsidized by the Harbours Branch of the Transport and Harbours Department. The major reason why the Ferry Service is unprofitable is principally because the department has no control over the fixing of passenger fares and the freight for cargo. This must be sanctioned through Parliament after it has been presented by the Minister of Communications and Works. It is Government's view that the inland services should be operated because of the needs of the people in those areas. Presently, private operators are not even motivated to ply those routes because they are not lucrative. People will be unable to pay the cost of transport if realistic charges are made to cover operation costs and guarantee profitability.

Second, the Government would need to compensate the Harbour Authority for the concessions granted to private companies with respect to harbour dues. Government agreed to grant these concessions, particularly the Aorima Mining Company as a means of stimulating economic development in the country. This may be a good policy when viewed from a macro economic standpoint, but at the same time the economy could also suffer if insufficient attention is given to port infrastructure development. Some pundits argue that in the final analysis all comprise the "national cake".

Third, there may be the need for the establishment of a corporate body with the requisite powers to superintend the activities of the entire port in a more informed and efficient manner. There can be no doubt that the skills

and expertise already exist for such a system. However, there would be the need for a co-operative approach by principal agencies concerned. Government should take the initiative as R. Goss (1990), argues that many port authorities, landlord as well as comprehensive would regard the possession of secure property rights as a necessary condition to performing their functions [8]. He further noted that each port authority has a finite area and within this every activity usually has some opportunity cost if only that it prevents some other activity being carried on [9]. In this particular context, the need for a co-ordinating body with relative autonomy seems to be the main answer if a greater degree of Government involvement in infrastructure development is to be realized.

QUESTION NO. 9 - LIMITATIONS OF THE PILOT SERVICE

The respondents to the questionnaire all felt that the pilot service could be improved. The problems which surfaced included the following:

- (1) The lack of adequate launches for pilots to carry out their duties.
- (2) Frustration among pilots because of the levels of remuneration. This leads to unreliability in their performance.

(3) The attrition rate among pilots continues to increase.

(4) Lack of efficient and efficient organization of pilots.

Thomas (1992), established that in Guyana there are two pilot services. These are operated by the Transport and Harbours Department and the Guyana Engineering Corporation. The former is responsible for the compulsory pilotage i.e. in the three main rivers of the country [10]. It should be noted that each of these services is controlled by Government since both of these organizations are governmental enterprises.

The author wishes to express his opinion with respect to the afore stated problems that were suggested. When the entire system of the port operation is analyzed there are problems and limitations which have existed for years and need correcting. However, the whole process could be viewed in a wholistic sense. No piece-meal approach will solve the problems. Based on the World Bank Report (1991), the view was expressed that the pilot service suffers from insufficient salary levels. This situation is by no means unique to the pilot service. Every other port worker in the public enterprises is underpaid. When viewed generally, pilots are better remunerated than any other category of port workers. What should be done by the Government is to have a system of financial restructuring in T&H.D and GNEC. so that these organizations which are revenue earning and require a

greater degree of commitment, be at least on parity with some other governmental services which are better remunerated but are dependent on government disbursements.

Contrary to the views expressed in the interview, the Author firmly believes that the pilot service should be under government's control. However, the conditions of service and the level of remuneration should be improved. Government should control this service to ensure that there is uniformity of standards as regards training and certification. There should be better training programs. This is addressed in chapter six.

Government should spare no efforts to ensure that the following conditions are in place:

- (a) That pilot launches are adequate and properly maintained to meet the demands of the service.
- (b) That pilots be paid uniformed salaries in both agencies or one organization be responsible for all pilots.
- (c) That there be effective communication systems to facilitate the smooth flow of the operations.
- (d) That there be less "waiting for dead men shoes".
- (e) That the system of organization be improved in keeping with new development in technology.

(f) That the aids to navigation be improved.

The implementation of these strategies may go a far way in improving the quality of the pilot service in Guyana.

QUESTION NO. 10 - MANAGEMENT OF THE PORT

The response to this question is reflected in the analysis on the relevance of a port authority under question 16.

QUESTION NO. 11 - STEVEDORING ACTIVITIES

Many views were expressed on the issue of stevedoring activities. What was popular however, was that there should be private stevedoring companies working in collaboration with the port. This would reduce existing conflicts with the trade union organizations which take up a lot of management's time through negotiations. John Fernandes Limited and GNEC have already adopted such a system of management and the effects have been relatively positive.

When cargo handling is done on a contractual basis, loading and discharging of cargo take place faster. When stevedores work on the basis of time, there is the tendency for them to operate with little or no urgency. This is sometimes done deliberately to enhance their overtime package. However, in attempting to change the system would necessitate careful planning which would

involve trade unions as well.

QUESTION NO. 12 - TRAINING AND CERTIFICATION

Since education in Guyana is free from Nursery to University level, there is no need to change the existing culture. In addition to this, the only agency that has been responsible for examining seafarers in the country is the Transport and Harbours Department through the Harbour Master's Office. However, the Government should ensure that the requisite training facilities are in place to ensure that seafarers are well equipped for the tasks they are to under-take. Government control is very important as it acts as a means of guaranteeing uniformity of standards. According to ILO Convention No. 147, (on Minimum Standards), the state is required to ensure that seafarers employed on ships registered in its territory and are properly qualified or trained for the duties for which they are engaged. The above should be undertaken by the state because of the need to realize the following objectives.

- to maintain and improve the efficiency and professional ability of seafarers;
- to improve accident prevention standards on board ships;
- To enable technical developments in the operation and safety of ships to be put into effect [11].

Although Guyana has not yet ratified this convention, the need for a well co-ordinated vocational training for seafarers by Government cannot be over-emphasized. During the writer's field-study training he observed that in some countries training is done by the state as well as private institutions i.e. in Germany. However, the levels of development between Germany and his home country cannot be compared. Maybe, in the long term this situation could be considered.

QUESTION NO. 13 - EXPANSION OF THE PORT

In response to this question, the general view was that the changes in the pattern of investments in the country, given the nature of the economic recovery program there will be need for a bigger port with better facilities.

QUESTIONS NO. 14 AND 15 PROSPECTS FOR THE ESTABLISHMENT OF A DEEP WATER HARBOR OR RELOCATION OF THE PORT OF GEORGETOWN

Both the Government operators and private sector operators within the port of Georgetown believe that the establishment of a deep water harbour would be of great value to the port of Georgetown. However, they emphasized that it is highly impracticable or unrealistic because of a number of constraints. First, the cost would be exorbitant and neither the Government nor the private sector has the necessary capital. Therefore, to

attempt such a project the, Government must seek financial assistance from international financial institutions and at the moment it would be difficult for government to justify this situation to be granted the loan.

Second, if such a facility is to be established it cannot be accommodated at the present location of the port. Therefore, if it is located in close proximity to the port it would require massive relocation of many residents, business places and even manufacturing industries. There would also be disruption of the existing physical infrastructure in Georgetown.


Third, if it is located far away from the present port area there would be problems as regards the transshipment of bauxite and other bulk products which benefit from the river transport, particularly bauxite and sugar. There would also be a need to relocate rice silos and molasses tanks, at the moment this is not a practicable situation.

Fourth, as a result of the relatively long continental shelf which extends off the east and west coasts of South America, to get a depth of eleven meters, surveyors have to travel a distance of twenty three kilometers from the base line. It therefore, follows naturally, that continuous dredging would have to be done to maintain a depth of eleven meters in the channel or harbour approaches. With the impracticability of the establishment of a deep water harbour at least in the short run, it seems that the most realistic thing to do

is to enhance the present harbour through continuous maintenance, dredging etc., so that the port could realize greater efficiency.

QUESTION NO. 16 - THE NEED FOR A PORT AUTHORITY

Each of the respondents that was interviewed by the Author explained that there was a great need for a port authority in Guyana. They think that such an establishment should improve the quality of the port services, thus making the operations more reliable and efficient. This concern was stated explicitly in the Israel's Report (1976), that an autonomous Port Authority be established without delay with responsibility and authority for the control, operation, rehabilitation and development of all ports in the country, and with the following specific functions:

- rehabilitation, development and maintenance of all port facilities;
 - operation of all port facilities in a safe and efficient manner;
 - control and regulation of all activities within designated port areas;
 - execution of certain shipping and navigation services for all Guyana water ways, without regard to specific locations including: pilot and harbour services;
- 

investigation and prevention of shipping accidents; removal of wrecks and other hazards to shipping; service and navigation markers in the Demerara river and the other two main rivers [12].

It would appear that the idea of establishing a port authority was placed on the "back burner" because the management of some of the major public enterprises in the ports and shipping industries were only prepared to pay "lip service" to it. The message which is being conveyed through the lack of motivation with respect to the promotion of this idea is that each entity is not prepared to give up certain functions of the port which it presently carries out. This is unfortunate for the development of the port should transcend or supersede the self-interest of the management of the organizations which are involved.

The Israel's Report had also alluded to the fact that the Port Authority, when established, should at least have partial ownership of all wharfs, warehouses, equipment and other items, which are presently in private ownership. In addition, those functions which the Transport and Harbours Department carries out with respect to the ports and harbours should be transferred to the Port Authority along with any equipment used for these functions. This would be at the initial stages until the port authority is able to assume full responsibility [13].

The author fully supports the afore stated position,

however the situation at the port of Georgetown is rather unique as was pointed out earlier in this chapter where the private sector owns a significant number of the wharfs. There is therefore, a need for a consultative approach between the Government and the private sector in an attempt to set up a port authority.

The responses to the last two questions were even more subjective than some of the other questions which were previously addressed. The respondents stated that it followed naturally that with all things being equal if the general conditions at the Port of Georgetown improve greatly, then there can be no doubt that the port will be more competitive, effective and efficient, thereby improving exports and imports. This it is hoped would be for the common good of all the operators concerned.

RECENT DEVELOPMENTS IN GUYANA - 1985 TO 1992

Since 1985, there has been a drastic change in the policy of the Government which was influenced by external pressures (forces). It was evident that if the ailing economy would be revived, that the economic option for development must be changed from socialist democracy to a more free market economy. To foster a program of economic and structural adjustments the Government had no other alternative but to turn to international financial institutions for assistance. To guarantee assistance it was necessary for the country to restore its credit worthiness with the World Bank and the International

Development Bank. There was therefore only one way to do that, that was to join the International Monetary Fund (I.M.F.). Since this was done it was followed by numerous social, economic and political changes.

The general changes which occurred in Guyana came about as a result of the IMF's conditionality measures. These included, devaluation of the national currency, restructuring of the public service, removing certain imports and exports controls and the privatizing of some Government controlled agencies and corporations.

The Guyana dollar was devalued drastically. There was a rapid slide of the dollar since it was tied to a basket of currency which included the US dollar, the British pound, the German Marc, the French Frank and the Dutch guilder. The rate of exchange moved from \$2.76 to \$1. US prior to 1985 to G \$127. to \$1. US in 1992. This situation was accentuated by the emergence of the parallel market that was demanding a lot of US dollars to supply traders who began to take advantage of the import freedom. This forced the Central Bank to tie the official exchange rate to the rate of the black or parallel market. Therefore, CAMBIOS were licensed to operate and the exchange rate is determined by market forces.

The above condition affected interest rates dramatically. Rates reached as high as 30% at Commercial Banks. This situation was a strategy to encourage savings and at the same time stimulate foreign investments. There were

undoubtedly positive results for the GDP for 1991 and 1992 was 6.7% and 7% respectively.

Devaluation did however have a negative effect on the masses in the Guyanese society. Prices increased steadily and the adjustment in wages and salaries were not realistic when compared with the rate of inflation. What was even worse is that there is no cost of living index. However, there is some consolation for those persons who are getting the minimum wage. A provision is made through the Social Impact Amelioration Program (SIMAP), to supplement their income by approximately six hundred Guyana Dollars per month or \$6. US. The pressures created by these structural adjustments must not be condemned, for every structural adjustment program involves great sacrifices and usually the most vulnerable are those at the lower levels of the public service, pensioners and the unemployed. Those who are employed in the private sector are usually better remunerated.

The efforts at privatizing government or public enterprises were pursued vigorously. The Guyana Telecommunication Corporation was privatized. However, Government retained 20% of the shares. This is now controlled by Atlantic Telecommunication Transmission, locally known as Guyana Telecommunication Transmission, (G.T & T).

The impact of the divestment and privatization is also felt in the industry. Reynolds, a company which operated in Guyana before Nationalization, has re-commenced

operations. The company is however sharing partnership with the state. This company is called the Aroima Bauxite Company and its mining operations are conducted at Aroima in the Berbice River. Based on the statistics from the Central Bank for 1991, there was an increase in the total national production by six percent [14].

The Guyana Government has already indicated its intention to divest the sugar industry. These widespread structural adjustment efforts may have an impact on the Port and Harbour Administration. There is a great possibility that the annual production rates would be increased. This, accompanied by better marketing strategies being applied by foreign companies would mean that more ships will call the port.

The views which were expressed by the major public and private enterprises on the environmental factors which affect the port of Georgetown, have captured the central issues which must be considered whenever an analysis is made of the development possibilities of the port. This focus on the port could easily be justified for the port has certain key responsibilities in carrying out of some macro economic policies of the state. In the Guyana context, this is not a recent phenomenon, for the port of Georgetown has always been under certain obligations with respect to shipping, basically, the provision of a safe berth. This is particularly important since the nation's economic well being is premised on its exports of goods by sea.

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CHAPTER SIX

A SUGGESTED PORT DEVELOPMENT MODEL FOR GUYANA

In this chapter an attempt is made at outlining useful policies that should be considered by the Government of Guyana with a view to have the ports respond more positively to the national economic objectives and at the same time serve the needs of all the major actors in the nation's port and shipping industry. The central tenets that are posited take into consideration the existing local conditions as they relate to the social and economic environments as well as the impact which international maritime shipping policy and corresponding port development models have had and are likely to have on the port and Harbour Administration of Guyana.

Earnest G. Frankel (1992), contends that the maritime shipping policy affects many public and private parties on a national and international scale, yet, because of the complexity of the relationships among affected factors or parties, most policy decisions are made without any, or by use of grossly oversimplified, analysis [1]. He further argues that "the problem of effective policy making in shipping is complicated, further, by the existence of significant numbers of actors or interested parties, some or all of whom may be able to influence shipping policy making" [2].

In Guyana this classic dilemma is evident. Therefore, at this point it is useful to revisit the core issues which affect policy and decision making as regards the port and shipping industry.

It was previously mentioned that there are three major entities or interests which are involved in the scheme of affairs in the vicinity of the Port of Georgetown in Guyana. The berths are owned by the State, the municipality and the private sector. Yet, whatever form of policy and administrative procedures which are implemented, follow a traditional system of operation which epitomizes the British system of administration prior to 1980, when the British considered it prudent to involve the private sector in a more positive way as it relates to port services.

Based on the views posited in chapters three and four respectively, it is clear that there are two major options which may be adopted for a port development model. They are the Government controlled system (as in the case of Esbjerg) and the privatized system which has been gaining momentum over the past decade in Europe and other regions of the world. There is also another option, the landlord port to which earlier mention was made. This system of administration is practiced at Rotterdam in the Netherlands and at Le Havre in France and they have both experienced relative success in recent years. Since considerable attention was previously given to the other forms of administration, it is useful to briefly explain this system which is also somewhat

realistic. Based on the terminology of the American Association of Port Authorities, a landlord port is a port where the responsibilities of the port authority are limited to the provision of the basic infrastructure, the general services and some other services of common interest [3].

In general terms, in this kind of port, the port authority assumes a role of the developer of an industrial estate who leases the facilities but does not take part in the operational activities of the leases. The authority may take the responsibility for the right mixture of port activities and future development [4]. Stephen Thomas (PSA 1992), in his dissertation alluded to the fact that this would be a realistic system for Guyana. The author does not view this as irrelevant, but it should not be the primary concern. In the initial stages a Tool Port should be established. Essentially, what is first needed is a more systematic and co-ordinated approach to the management of the port through a National Port Authority. Therefore, in the proceeding section both the positive and the negative effects of the suggested port authority are highlighted based on contemporary theoretical expositions. It is crucial for the advantages and disadvantages of any system to be carefully examined before that system is implemented. This will give the planners greater scope in planning for future development programs.

THE MERITS OF A PUBLIC PORT AUTHORITY WITHIN THE GUYANA CONTEXT

Before highlighting the benefits of a public port authority it is necessary to define the concept port authority. The term port authority is used to sum up all public responsibilities in a port. A port authority is a body enjoying corporate status and perpetual succession which is managing its financial affairs within the framework of its own budget. It is therefore responsible for the proper functioning of the port and for strategic forward planning [5]. It also has additional functions which are discussed later in this chapter.

Over the past two decades the shipping industry has undergone significant changes through technology and organizational structure. However, these changes were not limited to shipping, they affected port development in a great way. These developments have forced ports' administrations in developing countries to modify their existing port infrastructures and super structures to cope with the demands of international shipping. Ships' sizes have increased tremendously, thereby necessitating larger berths and deeper channels.

There has also been a revolutionizing effect through the wide spread introduction of containerization. Within this context, ports in developing countries have accepted the challenge. This was done to the extent, that today some of these countries employ the most up-to-date and sophisticated container service terminals. In addition

to this, they have also developed their bulk terminals to a great extent. These were deemed necessary for the world has become much more competitive as it relates to shipping. Therefore, if a port wishes to compete with other ports, it must not only have the requisite modern equipment, but it must offer a reliable and efficient service.

Many Governments in the Caribbean have established port authorities as a more effective method of superintending the ports and harbours in their country. In St. Vincent and the Grenadines, the port authority was established in 1975 through an act of parliament. This act stipulated that the port authority will provide a co-ordinated and efficient system of port facilities and services. It also has the responsibility of carrying out certain duties and powers as it relates to investments. The authority shall also be responsible for the assets and liabilities of the port and Marine Department [6].

Like St. Vincent, there are port authorities in Trinidad and Tobago, Grenada, Antigua, Jamaica, Barbados, St. Lucia etc. These territories or states were all colonies of Great Britain before they attained independence. It is also useful to mention that apart from Jamaica, Trinidad and Tobago and Barbados, all other territories gained independence from Great Britain after Guyana. To be exact, Barbados became an independent nation the same year with Guyana and Jamaica and Trinidad and Tobago four years earlier. All of these countries however, have preceded Guyana in setting up port authorities in

response to the changing demand in shipping in the international community. They have moved away from the traditional system of port administration while Guyana continues to perpetuate a legacy of the British system which is not very realistic when viewed in the development context.

In making out a case for port authorities one cannot avoid being indebted to Professor R.O. Goss of the University of Wales College of Cardiff, who has done a very sound theoretical exposition and analysis of the subject. He proposes five arguments for having a public sector port authority. These are property rights, the need for planning, the significance of "public goods", dealing with externalities and promoting efficiency [7]. Of course the last argument is very pertinent to the focus of this paper. However, each of the issues is adopted and explained accordingly.

PROPERTY RIGHTS

Although the land may be owned by a private company, there is usually the case where the structures which are erected extend from the land into the water [8].

In Guyana the law which applies to land is much different from that which applies to water. In the case of the water and the land projecting under the water column are both owned by the state. This therefore, gives the state

the right to decide on the legal regimes which should be instituted in this regard.

"In general therefore, anyone who simply puts up a port structure extending into the water would generally have no legal right to the sea bottom upon which it was founded nor to the water column through which it passed." [9]. Since these conditions exist one may argue that there would be a reluctance on the part of private operators to establish large and costly structures. However, this is unavoidable for in shipping quite substantial erections in terms of piers, quays and jetties must be in place for effective operations. This no doubt makes it easier for government to work in collaboration with the private owners of wharfs to set up a public port authority.

THE NEED FOR PLANNING

With a public port authority it is easier to make plans and execute them, when the process of development involves issues which will have a great physical and economic impact on citizens. These involve the laying out and relocation of streets and property where applicable. Due consideration must be given to the hydraulic regime of tides, currents, littoral drift, erosion and setting, for it is useless to dredge a channel which will not endure without much maintenance or the construction of a breakwater which will catch the silt [10]. The importance of planning cannot be over

emphasized. Priorities must be established for most urgently needed port works whether for improvement and extension of the port or whether main efforts should be directed in the first instance towards the construction of specialized terminals for bulk cargoes in large quantities such as sugar and rice [11].

Consideration should also be given to the connections of the inland road net-works with the port. Where there will be a greater flow of traffic through the increase in container flows etc., there will be a need for the expansion of the roads, particularly with the recent attempts made to diversify the economic base of the country by placing more emphasis on hinterland development centres.

THE SIGNIFICANCE OF "PUBLIC GOODS"

'Public goods' and services are defined as those goods and services which are unlikely to be provided for sufficiently, satisfactorily or at all by competitive industries [12].

If the use of a public good cannot be controlled, it is likely that no private person or company would like to pay for the supply of this good [13]. In this context public services must be provided by the government. The implementation and regulation of the policies could be quite simple. Public authorities can finance the production of goods and services by general taxes or by

collecting dues from anybody who has the chance to use them [14]. Some of these services may include navigation aids in harbour approaches, light-house services and in some instances quay walls. There is need also for dredging the channel to the harbour. This is both in the national and private interest when consideration is given to the economic importance of ports.

Goss argues that non-rivalrous consumption occurs with all beacons, buoys and other fixed or floating navigation aids because their cost will be exactly the same no matter how many people are using them. Therefore, it is difficult to see why private sector companies should provide any such things if they are not to be allowed to earn revenue on them. [15]. This therefore, strengthens the need for the provision to be made by the public sector.

DEALING WITH EXTERNALITIES

When the port is carrying out its day-to-day operations there are several elements termed externalities which should be considered. According to Goss these include noise bacterial, chemical and radioactive substances, some of which are toxic. In addition to these is the removal of wrecks which may be blocking the channel etc. [16]. Most of these elements contribute to the pollution of the marine environment. In this regard a public port authority is functional for the protection and preservation of the marine environment in keeping with

the requisite International Maritime Organization's Conventions; it is a function of the state. Therefore, there could be no other agency that is more appropriate for dealing with this issue than the Maritime Administration of the port. The provision of reception facilities and other appropriate forms of disposing of the waste from ships should always be in place. Commitment on the part of private operators in this regard may not be forthcoming because of the need for the utilization of additional resources and capital. It should always be remembered that the base line of any private system is profitability even if it means cutting back on certain functions.

Externalities may also be of a positive nature [17]. These may include the provision of other port related services and non-related services as well. For example, the provision of a beautiful environment to encourage tourism and other forms of business rather than making the port area as if it were a situation of "solitary confinement". There could also be provision for educational programs where students could do field studies. In addition to this, apprenticeship schemes could be organized. In this way the port could contribute to the prevocational and vocational training of young people thereby making a meaningful contribution to national development.

Another external element is the impact of the tourist industry. Very often there is an interplay between the other activities of the port and tourist promotional

ventures. Since tourism could make a contribution to economic development, it is important for the ports and Harbours Administration to be forward looking in this regard, when long term development programs are fostered.

PROMOTING EFFICIENCY

The public port authority may have significant advantage as it relates to revenue earning from private sector involvement. This is particularly relevant in countries where there is little or no competition between ports. These benefits may be realized through the receipt of rents for space occupied by private companies. However, Goss argues that profitability does not necessarily imply efficiency, but in the final analysis there seems to be a positive correlation between profitable ventures and efficiency.

"It is therefore necessary to supplement purely financial measures with physical and economic indicators of a port's efficiency" [18]. In this context the development activities of the port should be varied. Useful marketing strategies may be employed and economies of scale should be sought. The activities of the operators within the port's premises should be carefully monitored by the port authority to ensure that the established practices are maintained.

THE DEMERITS OF A PUBLIC PORT AUTHORITY

Although the author shares the view that there should be the establishment of a public port authority to administer the port in Guyana, he feels obliged to examine the disadvantages of this system as well. The intention is to view the option objectively so that whatever planning is done as regards this form of port development, due consideration should be given to possible problems and limitations with a view to have these circumvented.

The main arguments which have been posited against public port authorities are summarized in the following paragraphs. The major argument which surfaces, particularly by the proponents of privatization, is that the organization of such port authorities comprise additional and excessive bureaucracies which put a severe strain on the national economic resources. For instance the revenue which accrue most often never measures up to the anticipated economic expectations or projected returns. To stretch the argument even further, it is felt that there is no obligation on the part of these public concerns to show a profit since their short falls in budget are always cushioned by the state.

Another issue which affects public port authorities is that they often lack the capacity to command, as well as the flexibility which is required for effective administration. Perhaps it should be emphasized that often initiatives and innovative actions on the part of

the immediate management are played down or ignored by the national policy makers who often formulate strategies without the technical guidance of the skilled port administrators who are responsible for the day to day administration of the port.

There is little or no response to market forces on the part of the staff. There is also the absence of that commercial vision. R. Goss (1990) argues that, there seems to be a great tendency for the fostering of rewards and promotion. However, this is not based on increased sales or consumer satisfaction (increased production and productivity) rather on qualitative assessment by superiors based on periodical reports [19].

However, despite the existing problems which may face the public sector port authority it could effectively carry out its mandate if the most appropriate strategies are implemented. The following section, therefore, suggests the way in which the ports system in Guyana may be organized.

THE ORGANIZATION OF THE PORTS

The writer, having discussed the main advantages and disadvantages of a public port authority now takes a position as to how he thinks the ports in Guyana should be organized so that positive development could ensue. Although the ownership of the ports presently rests with the government, as is the case of many developing

countries, the private sector interests should not be overlooked. Therefore, the Government of Guyana, through its relevant governmental agencies, should first of all table a motion through parliament for an act to be proclaimed which provides for the establishment of an Authority.

The Authority as stated above may be referred to as the Port Authority of the Co-operative Republic of Guyana. In this regard the port authority should be given the mandate as an autonomous body being vested with the responsibility of providing a co-ordinated and efficient system of port facilities and services. In this regard it will become necessary to transfer the responsibilities for the ports and harbours from the Transport and Harbours Department to the port authority.

It seems prudent that in the circumstances "the main elements of this port administration will consist of an appropriate form and structure of port administration, efficient port operations, enlightened labour policy, a sound financial system with modern accounting methods and a reasonable level of port dues, complete and accurate port statistics, skilful promotion and publicity, development of the port city and of auxiliary commercial services and finally, regional co-operation with neighboring ports" [20].

The above factors should be carefully considered whenever port administrators dealing with port development issues, for the success of any port be it small or large depends

on how well the port is organized. A port may be well planned with serious consideration being given to physical, social and economic conditions, but if its organization is poor it may never be able to achieve its major objectives.

It should be stressed at this stage that given the fact that within the port of Georgetown there are municipal private and state interests, it is prudent for the port authority to be comprised of representatives from the private sector ownership of wharfs in Georgetown. However, the government needs to take the decision to have such a system in place. It was established clearly in Chapter Five that it is not economically feasible to relocate the port or to develop a deep water harbour. Therefore, the best option is to develop the existing facilities in the port of Georgetown in particular, so that the efficiency of the port can be improved. One cannot continue to speculate that the private sector will not be willing to accommodate change without making the necessary steps to negotiate the process. It is said that "a journey of a million miles begins with a single step."

Working with the private sector may mean that the port will operate more efficiently. Under the suggested system of administration the government does not have to have full control in order for its economic and social objectives to be realized. Based on earlier references it was pointed out that private involvement could stimulate production and increase productivity.

Based on a study carried out by Transport Canada it was found that in ports and other transport related industries in various countries which have embarked on some form of privatization that the following were manifested:

1. In general, average labour productivity in state owned companies is lower than their private counterparts but that it seemed to improve after privatization.
2. During the period prior to and subsequent to privatization profitability of the firms tended to improve, largely due to reduced operating cost resulting from cuts in employment levels;
3. When privatization involves a large offering of stocks, it is desirable that this be done in stages so as to allow stock prices to reach equilibrium on the market.
4. Share prizes of businesses, privatized through public offering tend to increase more rapidly than those of other companies operating in the same sector. This tendency can be explained by the fact that the state owned companies are often under valued before privatization [21].


The above may appear contradictory when viewed in relation to the case presented for the promotion of a public sector port authority. However, it is the author's view that after the port authority is set up

there should be a gradual movement towards privatization. This implies that the state will be responsible for continued infrastructure development while certain services of the port are carried out by private companies similar to the situation which exists in the Port of Esbjerg in Northern Denmark and in the associated British Ports. The services which may be carried out by private companies may include, cargo handling, warehousing, terminal operations and other commercial operations excluding pilotage. Since some of these services are already conducted by private companies, no difficulty is envisaged in this regard. All that is required is proper organization and implementation of the policies.

It should be noted that private sector involvement does not mean that there will be a lack of governmental involvement. Government will still exercise a degree of control as it relates to custom duties, the collection of harbour, tonnage and light dues, as well as the rentals which accrue from private companies. However, this will be done directly through the port authority. Governments in some countries encourage private sector involvement for various reasons. These may be as follows:- Political reasons such as a desire to build up a share-owning democracy; or for example a desire to reduce the size of the public sector in the economy (an officially stated motivation in Malaysia).

- Reductions in the financial burdens imposed on government by parastatal organizations in some

countries and indeed the scope to generate significant extra revenues for government from privatization.

- Increased managerial freedom from public sector constraint and from government intervention, and so increased efficiency.
 - Increased efficiency as a consequence of increased competition and the effect of market disciplines.
 - Where relevant the scope to attract additional investment and/or know how which would otherwise be unavailable.
 - Increased freedom to diversify [22].
- 

Based on the above stated conditions it seems plausible to conclude that some form of private involvement is necessary in the process of commercializing the activities of the port. With that degree of positive involvement, there should be a sense of ownership through the assigning of specific tasks and responsibilities for the achievement of set goals.

It seems to be an established fact, however, that ports should be perceived as, existing efficiently to satisfy the requirements of their customers. In this regard the author supports the view that, they should be given a relative degree of freedom which will enable them to carry out their activities free from all forms of unnecessary restrictions and delays. In this regard

Pollock argues that government control is required but it should be exercised not from within the port authorities, but from outside, by relevant Ministries or other Governmental organizations [23]. In this context, the proposed port organization structure is illustrated in the list of tables.

STRATEGIES FOR IMPROVING THE EFFICIENCY OF THE PORTS OF GUYANA THROUGH A PORT AUTHORITY

With the establishment of a port authority the ports in Guyana should be able to respond positively to the demands of the state as well as the primary actors in shipping and other port related activities. This is not difficult for port authorities have been identified as being able to devise strategies to improve their productivity thereby enhancing their efficiency.

Various strategies may be used, however, those that give port authorities a decided advantage because of their nature seem worthy of elaboration. The ones listed below which are explained have been adopted from the unpublished work of Dr. G. De Monie on "A New Role For Port Authorities In Third World Countries:

1. the landlord function
2. the policy making and planning function
3. the regulatory and surveillance function

4. the monitoring and promoting function

5. the port training function

Embodied in each of these functions should be well thought out strategies which may lead to the degree of success that is anticipated.

THE LANDLORD FUNCTION

The strategy involved in the carrying out of this particular function was mentioned earlier in this chapter. However, it is necessary to re-emphasize it here, for it is crucial, in the drive for efficiency within the emerging port system. In order to increase its revenue the port authority does not necessarily have to carry out all the services of the port. It could generate a significant amount of revenue from lease rents. This could therefore be utilized for covering other expenditures which the port incurs in its day-to-day operations and any surplus which accrues may be utilized for further development of the port area.

In some of the more developed ports in Western Europe there is an ongoing process of reclaiming land from the sea as a means of making available more areas for rental to private companies, thereby increasing and making their ports more competitive. It should be recognized that "the efficacious execution of the landlord function presupposes the upkeep of channels, fairways,

breakwaters, locks, turning basins, berths access roads and any other such port infrastructure. Thus, the port authority will have to remain responsible for the adequate maintenance of virtually all infrastructure works and most of the super-structures, but the actual maintenance works can be sub-contracted to private or public firms. The port authority must operate as a business by seeking to offset its expenditures with the returns it accrues from port dues on local, regional and international vessels and on commodities.

THE POLICY MAKING AND PLANNING FUNCTION

The port authority is expected to be a body with a strong policy-making mission. This mission however, should be in keeping with the national economic and social objectives of the state. Therefore, the port should collaborate with other Governmental agencies with a view to develop strategic plans, relative to the realization of funds to facilitate major infrastructure development projects.

The top level managers or administrators need to be involved in strategic planning. They need to have a strategic vision for the port. They should be able to make projections for development as to the way the port should respond in ten or twenty years, given certain developments in the world. These developments may include science and technology, environmental considerations, economic, social and political climate

nationally, regionally and internationally. Consideration needs to be given to the likely effects of these on the port authority. Professor Theodore J. Sampson (1993 Lecture notes) contends that the top level management must be convinced of the importance of using each daily activity of the organization to keep the total organization headed to its future destination. This, he argues is especially important when it comes to developing or justifying the annual budget. The annual budgeting process should not begin until the organizational goals have been established in keeping with the Chief Executive Officer's Strategic vision [24].

Sampson's view is very relevant, for when an analysis is made of the existing situation in the port of Georgetown, it is clear that thirty years ago there was no strategic vision. Consequently, the port area was not structured in a way that allows for expansion and future development. There should, however, not just be a plan, but the plan must proceed after due consideration is given to both the internal and external environmental conditions at both the micro and macro levels. It cannot be over-emphasized that within the context of development, "the implementation of a national ports policy, based on clearly defined objectives, user-oriented and implemented, under the responsibility of a compact but highly competent central port organization (i.e. the "Port Authority") should ultimately lead to the realization of the national economic targets for the ports sector as defined by the Government" [25]. Clearly the optimal utilization of

available resources to promote exports and enhance national economic development must be done through a port agency that is committed to the process of national development. In light of the foregoing, total privatization should not be considered as an option in the ports industry, given the fact that there is little competition in Guyana with respect to port operations.

Special attention should be given to the enforcing of laws and regulations and at the same time putting the necessary surveillance mechanisms in place. Over the past decade the ports have experienced serious problems with respect to aids to navigation. These have been vandalized and what makes the situation even worse is the fact that there is a lack of buoy tending vessels which inhibit the servicing and replacing of the aids. Since the harbour office is unable to enforce its regulations, it is recommended that the assistance of the Coast Guard be sought to serve as a means of enforcing Harbour regulations.

The port Authority should be held responsible for the proper application within the ports of all newly introduced by-laws and regulations in keeping with regional and international standards. It should therefore, be borne in mind that these include "vessel traffic control in the port itself and its maritime accesses; regulation and follow up of dangerous cargoes in close co-operation both with ports within the same range and with ports at the other end of the sea routes, port state control and related policing functions and

last but not least, environmental protection and pollution combatting and control" [26].

With the new demands of the International Maritime Organization with respect to implementation of these new rules and revised standards, the Port Authority should remain as a public entity despite the existence of a relative degree of private involvement. This is necessary for the Central Government will be expected to contribute towards the carrying out of these functions for it is predictably obvious that the private sector will not be willing to undertake same.

THE MONITORING AND PROMOTION FUNCTION

The port administration in Guyana should carry out the responsibility of policy-making and planning as it relates to port development. Every effort should be made to study certain conditions. These include traffic developments world wide and developments on a local and regional level. Strictest care should be taken to ensure that the port performances are carefully monitored particularly as it relates to certain sensitive issues such as cargo handling, productivity, ship turn around time and the quality of service rendered to customers.

There should always be an effective co-ordination of those services which are carried out by private operators to ensure that they are carried out in keeping with approved standards. There should also be continuous

research with respect to trade developments which will facilitate the preparation of traffic projections and the calculation of available and required port capacities.

Although there is little competition with respect to the port of Georgetown, because it is the main port in Guyana, the importance of proper marketing should not be ignored. There should be the implementation of a proper strategy as it relates to promotion campaigns. There should never be total dependence on private operators to foster marketing strategies independently, rather, there should be a joint approach aimed at a long term promotional plan relative to marketing products. This should in reality represent the whole port community and it will be beneficial to all parties involved in the business of port operations. Success of all these projections will depend largely on the degree of co-operation between the Port Administration and the private operators given the peculiar situation which exists in Guyana.

THE PORT TRAINING FUNCTION

The Port Administration in Guyana should spare no effort in ensuring that there is adequate provision in the annual budget for human resource development. Studies have indicated that in both the developed and developing world too little emphasis is placed on education and training. Some ports in the developing world depend almost entirely on aid grants and on free courses offered

by a number of donor countries. In this regard little consideration is given to the fact, that these external courses may not always be relevant to the real needs of the port administration. "Many port training projects, initiated by international organizations or benevolent donor countries, have failed miserably to deliver the promised results because of a lack of motivation of the organizing entity, an under-estimation of the required resources, non co-operation of other port related interests and the absence of a working environment conducive to promote human resource development" [27].

The Author holds the view that training as it relates to the ports and shipping industries in Guyana, should be part of the national program for education. He strongly supports the establishment of a Maritime Academy which will cater for the immediate needs of seafarers and certain levels of port workers. In this regard the expertise from the Government Technical Institute, the Critchlow Labour College and the University of Guyana, other relevant agencies and where practicable international agencies should be utilized to set up this facility.

As was pointed out earlier in this research, three (3) percent of the annual budget of the port of Esbjerg is utilized for training. This contributes to the success of the port, for there can be no substitute for a well trained and skilled workforce. Training in Guyana's port system should be an ongoing exercise. It should include on-the-job training, induction training and vocational

and management courses. With the constant change in technology and the introduction of new international standards port workers are expected to be equipped to meet these demands.

The time has come for a considerable effort to be made at the development of long term training programs which should not be developed in an ad hoc manner, but rather they should be based on a proper assessment and analysis of the training needs of the port. However, it should be recognized that the adequate long term funding must be made available for such far reaching initiatives to be practicable. The Transport and Harbours Department has undertaken to offer programs to mariners who are involved in the coastal trade. These have been relatively successful. However, there is much room for improvement and expansion if the personnel in the port and shipping industries of Guyana are to respond positively to their duties, in a way that reflects international standards.

The Author is convinced that these port development strategies could go a far way in making the Port of Georgetown respond more positively to the national economic objectives of the Government and at the same time ensuring that the international reputation of the port is enhanced. Whatever is done, as it relates to development, should not be undertaken in an half-hearted manner, given the fact that the development of the well established ports of the world was characterized by a long tedious process of meticulous planning and a continuous exhibition of painstaking effort.

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25. G. De Monie

26. Ibid.

27. Ibid.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

Throughout this paper, numerous references were made to the need for the adoption of a port development model that will guarantee efficiency, thus making the ports in Guyana more competitive and responsive to the national economic objectives. In this regard, the selection of a port authority based on the Tool Port concept seems to be most suitable for Guyana in the first instance, given the fact that there is no port authority in the country. It is therefore recommended that there be a gradual movement towards the establishment of a Landlord Port which transfers some port operational functions to private operators.

Although the author considered it prudent to make a careful assessment as it relates to the strengths of a privatized port, he wishes to recommend that the Government of Guyana should not hastily privatize the port industry. This is premised on the fact that ports in Guyana are of great economic importance to the state. This does not however suggest, that a privatized port cannot contribute to economic development in the country, for it is an established fact that private ports must respond to certain stipulated conditions as set out by the state. This is positively evident in Denmark. However, a gradual approach to privatization is the best possible course of action for the Government of Guyana to

adopt with respect to port development. This course of action is recommended for people will take time to change and to adjust to any new system of administration which is implemented. In addition to this important issue, it should be noted that the Flag State is expected to provide certain key functions through the port administration. It therefore, cannot afford to transfer these to private operators until the required degree of confidence relative to the execution of these functions is guaranteed. This would be for the common good of the principal actors in the port and shipping industries.

The most realistic approach therefore, is for the state to develop the port infrastructure and superstructure where possible, considering the present limitations in this regard from the stand point of the private sector in the Guyana context. After these developments have been realized, then the state could gradually relinquish its strong hold on the system through the rental of certain operations, thereby guaranteeing revenue on a systematic basis through the operation of an autonomous port authority being comprised of private sector, municipal and Government representatives as was recommended in Chapter Six of this research.

Based on the fact that the major focus of this paper emanated from the need for the ports of Guyana in general, and the port of Georgetown in particular, to offer a more efficient service to customers, the author highlighted many strategies which could be adopted by the port administration to better realize its objectives.

These are essential as facilitators of the port development process. These range from managerial efficiency to operational effectiveness of the port, with due consideration being given to policy issues.

X The author wishes to re-establish the fact that it is time for action to be taken, pursuant to a cohesive development plan for the port of Georgetown. Since the country became independent, the Government should have started to re-examine the port structure and operation with a view to making the port sufficiently capable of responding to the demands of international shipping. Rather, it was taken for granted that the system which was inherited from the colonial era will suffice. This has proven otherwise because of the various limitations highlighted in this research. However, in the circumstances, the administration should not park at the mistakes which were committed historically, but, it should seek to exercise strategic vision and foster a development plan that will cater for the social, economic and political needs of the country as far as is practicable.

The Port of Esbjerg in Northern Denmark was studied with a view to reflect those strengths and weaknesses which exist in its administration. This allows an opportunity for certain lessons to be learned by the port administrators in Guyana, as they seek to establish a worthwhile port system which responds to international standards.

LIMITATIONS

There were of course a number of limitations which affected this study. These include, the unavailability of a wider-cross section of views as it relates to the assessment of the internal and external environmental conditions which affect the operations of the Port of Georgetown. In addition to this, the paucity of time for the completion of this project did not allow the opportunity for a specific cost benefit analysis as it relates to the options of relocating the port of Georgetown or establishing a deep water harbour, at another point on the Coast.

However, despite the existing limitations, the author was afforded the opportunity to express the views on the merits and demerits of both the privatized system of port administration and the controlled system as they might apply to Guyana. This was made possible because of his field study training in Denmark and Germany where he had first hand experience on how these systems operate respectively.

At this point the author feels obliged to make the following recommendations which he strongly believes will aid in the development of the ports in Guyana:

1. There should be the tabling of an act in parliament thereby creating a public port authority for administering the ports in Guyana. In the absence of this, Transport and Harbours Department should

be given greater autonomy as it relates to the fostering of development projects in the port of Georgetown.

2. Part of the revenue collected from harbour, light and tonnage dues should be utilized, specifically for port development activities. Consequently, these funds should not be used to subsidize the coastal Ferry Services. Rather, Government should subsidize the operation of these vessels, since they are offering a social service to certain outlying areas of the country.
3. Stevedoring activities should be carried out by private companies which must collaborate with the port administration as it relates to loading and off-loading.
4. The dockyards should sub-contract out those jobs which they cannot carry out in a cost effective manner. They should also seek to adopt conventional management principles and improve on the quality of equipment and technology through training as was recommended in Chapter Five.
5. Port development should be pursued in conjunction with other forms of transport development to facilitate a smooth flow of goods to and from the port, i.e., proper roads should be built to cater for container traffic.

6. Government should undertake the responsibility of establishing a national training Centre to cater for the training of port workers and seafarers in both the nautical and engineering fields.
7. The port administration should consider the adoption of quality management or in the interim, adopt a system of participatory management, which gives workers a greater sense of responsibility and accountability.
8. There should effective communication and co-operation between the The Guyana National Shipping Corporation and the Port Administration to allow for better co-ordination in the future as it relates to the development of shipping policies.
9. Greater attention should be given by the port administration to the preservation of the Marine environment. Therefore, environmental impact assessment studies should be carried out before port development activities are carried out. In this regard it might be useful to seek the advise of internationally recognized consultants.
10. The assistance of the Coast Guard should be sought to ensure that harbour regulations are enforced.

11. There should be a financial restructuring in the port so that port workers could at least be on par with workers in other service related departments in the country. This would not only motivate workers but it may cause a greater retention of staff, thereby decreasing the attrition rate especially among ship pilots.

12. There should be more up-to-date and reliable communication systems to facilitate the operations within the port area as well as to enhance ship to shore contact.

It is hoped that the adoption of any or all of these objectives may go a far way to make the ports in Guyana more efficient and contribute more productively to the national economy.

LIST
1-12

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APPENDIX

LIST OF DIAGRAMS REFERRED TO IN TEXT

This section contains all of the tables and diagrams that were referred to in the text of this dissertation. It was not possible to include these in the text because of the limitations of the First Choice Programme that was used in typing and compiling this project.

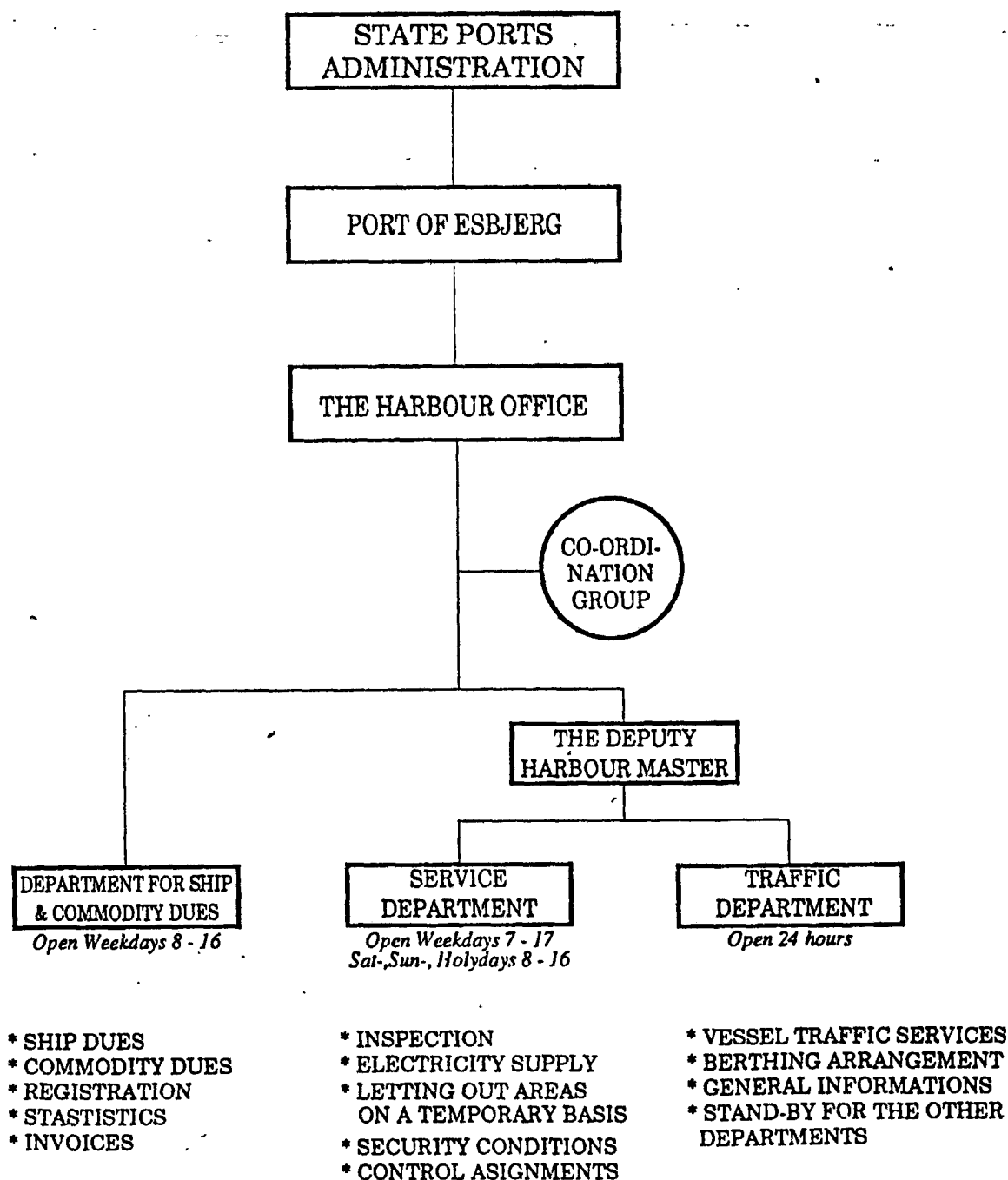
Table 1 Domestic Exports (G\$ million)

YEAR	TOTAL	BAUXITE	SUGAR	RICE	SHRIMP	TIMBER	MOLASSES	RUM	GOLD	OTHER
1985	883	422	282	57	18	18	2	30	17	37
1986	953	351	356	57	24	18	5	32	62	47
1987	2596	841	911	155	266	44	7	94	166	112
1988	2296	820	712	139	231	28	2	82	184	96
1989	6193	2021	2342	367	609	89	1	209	193	290
1990	9980	3172	3220	513	906	181	2	188	993	805

Source: Statistical Bureau, Bank of Guyana, March 1991.



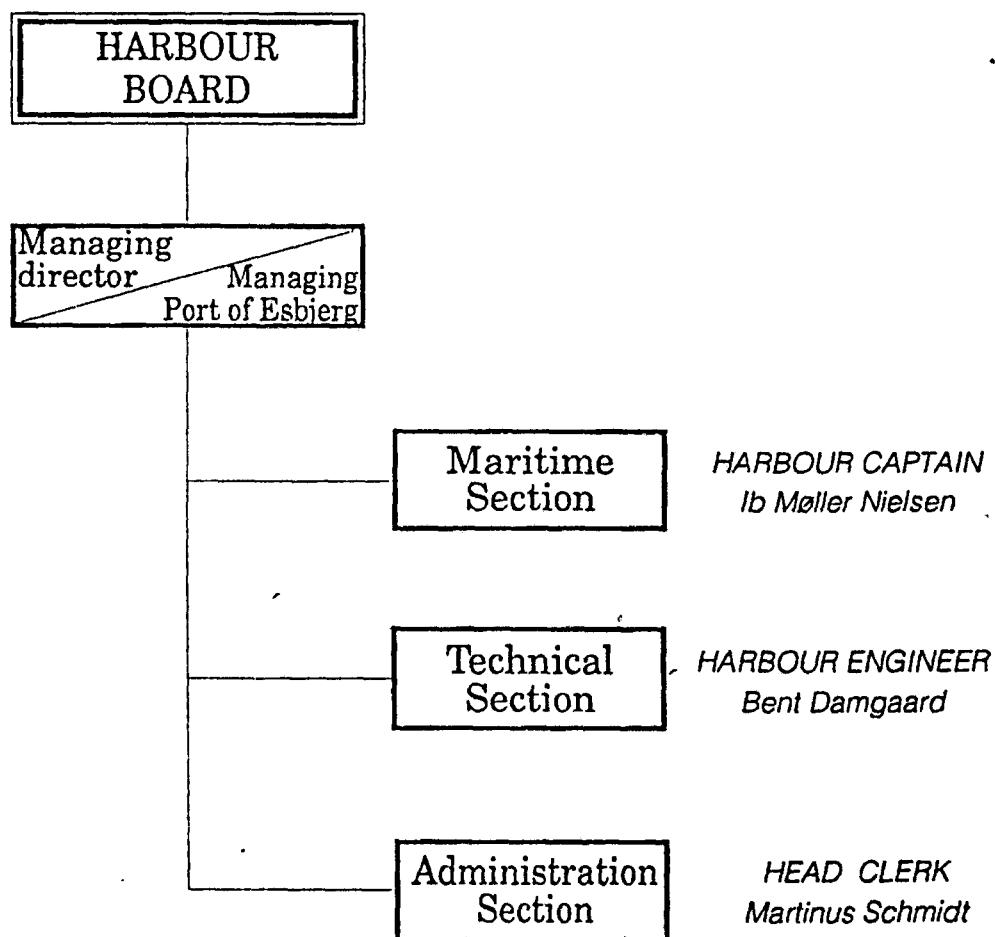
INFRASTRUCTURE OF THE MARITIME DEPARTMENT





PORT OF ESBJERG

ORGANISATION



PRINCIPAL WHARVES IN THE PORT

WHARF	DEPTH (METRES)	FRONTAGE (METRES)	USAGE
MINISTRY OF WORKS	1.8	61	PONTOONS, SLOOPS
FORESTRY DEPARTMENT	3.1	91	WRECK ALONGSIDE
GUY. ELECT. CORP.	4.9	91	FUEL TANKERS
CARIBBEAN MOLASSES	4.6	30	MOLASSES TANKERS
RICE MARKETING BOARD	4.0	91	WRECK ALONGSIDE
TRANSPORT & HARBOURS	4.6	128	COASTAL CRAFTS
WIETING & RICHTER	5.0	85	TRAWLERS, FISHING VESSELS
BOOKERS No. 2	3.6	85	DERELICT
MUNESHWER	5.5	152	COASTERS, LAY BYE GENERAL CARGO
BOOKERS No. 1	5.0	100	DERELICT
JOHN FERNANDES	5.8	90	GENERAL CARGO
TRANSPORT & HARBOURS DEPT.	5.0	60	FERRY STELLING, HARBOUR STATION
GUYANA LIQUOR CORP.	5.0	76	ALCOHOL TANKERS
GUY. NAT. ENG. CORP.	5.0	183	GENERAL CARGO, LAY BYE, DRY DOCK
GUY. NAT SHIPPING CORP	4.6	229	GENERAL CARGO, LAY BYE
DEMERARA SUGAR TERMINAL	6.0	130	BULK SUGAR

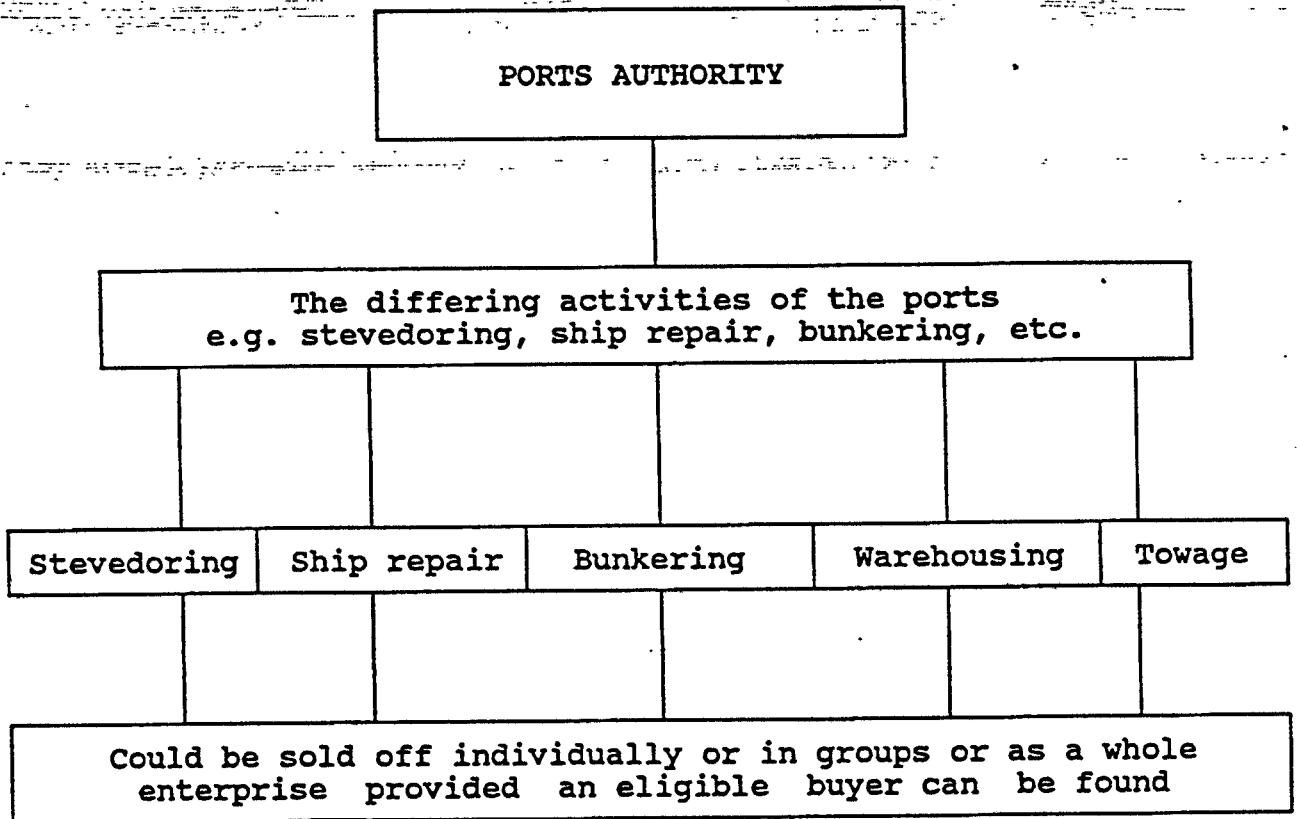
EXCHANGE RATES
G\$/US\$ (MID-RATES)

DATE	RATE	DATE	RATE
1975 . . . 01 Jun 81	2.55	12 Apr 86 - 09 Nov 86	4.30
02 Jun 81 - 10 Jan 84	3.00	10 Nov 86 - 16 Jan 87	4.40
11 Jan 84 - 05 Oct 84	3.75	17 Jan 87 - 31 Mar 89	10.00
06 Oct 84 - 12 Oct 84	4.12	01 Apr 89 - 15 Jun 90	33.00
13 Oct 84 - 19 Oct 84	4.15	16 Jun 90 - 20 Feb 91	45.00
20 Oct 84 - 26 Oct 84	4.25	21 Feb 91 - 22 Feb 91*	101.75
27 Oct 84 - 21 Dec 84	4.15	25 Feb 91 - 01 Mar 91	102.75
22 Dec 84 - 18 Jan 85	4.25	04 Mar 91 - 08 Mar 91	106.75
19 Jan 85 - 08 Mar 85	4.30	11 Mar 91 - 15 Mar 91	115.75
09 Mar 85 - 29 Mar 85	4.45	18 Mar 91 - 22 Mar 91	124.50
30 Mar 85 - 16 Aug 85	4.30	25 Mar 91 - 29 Mar 91	126.50
17 Aug 85 - 11 Apr 86	4.15		

* Effective from February 21st, 1991, the official exchange rate of the G\$ against the US\$ fluctuates weekly.

Source: Bank of Guyana

POSSIBLE WAYS TO PRIVATIZE PORT SERVICES



**SUGGESTED HIERARCHIAL
MANAGEMENT STRUCTURE
for the port of GEORGETOWN (Guyana)**

